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*THE BUREAU OF ORDNANCE
BUDGET SYSTEM*

*By
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THE GEORGE WASHINGTON UNIVERSITY
SCHOOL OF GOVERNMENT
U. S. NAVY GRADUATE COMPTROLLERSHIP COURSE

THE BUREAU OF ORDNANCE BUDGET SYSTEM

FOR
DR. A. REX JOHNSON
SEMINAR IN COMPTROLLERSHIP

PREPARED BY
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JANUARY 1954

PREFACE

JUST BEFORE REPORTING TO THE NAVY POSTGRADUATE COMPTROLLERSHIP COURSE AT GEORGE WASHINGTON UNIVERSITY, IT WAS MY PLEASURE TO SERVE AS SUPPLY AND FISCAL OFFICER OF THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, RHODE ISLAND. THIS STATION IS UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE, DEPARTMENT OF THE NAVY. DURING THIS PERIOD, MY DEALINGS WITH THE BUREAU OF ORDNANCE WERE ALWAYS VERY PLEASANT. IN PARTICULAR, THE FINANCIAL DIVISION WAS ALWAYS VERY HELPFUL WITH ANY PROBLEMS AND WAS ALWAYS READY TO RENDER ANY ASSISTANCE REQUIRED.

I WAS VERY MUCH IMPRESSED WITH THE IMPROVEMENTS THAT THE BUREAU OF ORDNANCE HAD MADE IN THE FINANCIAL MANAGEMENT AREA DURING MY TOUR OF DUTY. ALSO IN IMPLEMENTATION OF TITLE IV AMENDMENTS TO THE NATIONAL SECURITY ACT OF 1949, THE BUREAU OF ORDNANCE WAS ONE OF THE FIRST BUREAUS OF THE DEPARTMENT OF THE NAVY TO ESTABLISH A COMPTROLLER AND TO INSTALL THE NAVY INDUSTRIAL FUND ACCOUNTING AT ONE OF ITS FIELD ACTIVITIES, THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA.

THIS PROGRESSIVE RECORD OF ACCOMPLISHMENTS BY THE BUREAU IN THE BUDGETING AND ACCOUNTING FIELDS AND THE

REMARKS

Just before reporting to the Navy Postgraduate
Controlship course at George Washington University,
it was my pleasure to serve as Supply and Fiscal Officer
the Naval Underwater Ordnance Station, Newport, Rhode
Island. This station is under the management control of
the Bureau of Ordnance, Department of the Navy. During
this period, my dealings with the Bureau of Ordnance were
always very pleasant. In particular, the financial
division was always very helpful with any problems and
was always ready to render any assistance required.
I was very much impressed with the improvements
that the Bureau of Ordnance had made in the financial
management area during my tour of duty. Also in implement-
tion of Title IV amendments to the National Security Act
of 1949, the Bureau of Ordnance was one of the first Bureaus
of the Department of the Navy to establish a Comptroller
and to install the Navy Industrial Fund Accounting at one
of its field activities, the Naval Ordnance Plant, York,
Pennsylvania.

This progressive record of accomplishments by the
Bureau in the budgeting and accounting fields and the

EXCELLENT RECEPTION I RECEIVED FROM THE COMPTROLLER AND DEPUTY COMPTROLLER OF THE BUREAU OF ORDNANCE, WERE INDUCEMENTS TO WRITE ON THE BUREAU OF ORDNANCE BUDGET SYSTEM.

THIS PAPER WILL DEAL WITH THE BUDGET SYSTEM AS IT AFFECTS THE FIELD ACTIVITIES OF THE BUREAU. THE FIELD ESTABLISHMENT OF THE BUREAU OF ORDNANCE IS ONE OF THE MOST DIVERSIFIED IN THE NAVY DEPARTMENT. THERE ARE ORDNANCE PRODUCTION ACTIVITIES, ORDNANCE RESEARCH ACTIVITIES, ORDNANCE TESTING ACTIVITIES, ORDNANCE OVERHAUL ACTIVITIES, AMMUNITION STORAGE AND ISSUE ACTIVITIES, AND SEVERAL OTHER MISCELLANEOUS ORDNANCE ACTIVITIES. REAR ADMIRAL E. W. CLEXTON, USN, ASSISTANT COMPTROLLER, BUDGET AND REPORTS, IN A RECENT ADDRESS TO THE NAVY COMPTROLLERSHIP CLASS MENTIONED THE LACK OF ADEQUATE ORDNANCE PRODUCTION ACTIVITIES IN INDUSTRY OUTSIDE OF THE NAVY, WHICH COULD BE CALLED ON IN AN EMERGENCY TO PRODUCE ORDNANCE FOR THE NAVY, SIMILAR TO THE COMMERCIAL AIRCRAFT PLANTS AND SHIP-BUILDING YARDS, WHICH CAN EXPAND OR INCREASE PRODUCTION TO HANDLE NAVY CONTRACTS IN A MOBILIZATION PERIOD.

THEREFORE, THE ORDNANCE SHORE ESTABLISHMENT IS EXTREMELY IMPORTANT TO SERVE THE FLEET AND OTHER IMPORTANT

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AND MAINTENANCE ORDNANCE ACTIVITIES. REAR ADMIRAL
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BUILDING YARDS, WHICH CAN EXPAND ON INCREASED PRODUCTION
TO HANDLE NAVY CONTRACTS IN A MOBILIZATION CRISIS.
THEREFORE, THE ORDNANCE BUREAU ESTABLISHMENT IS
EXTREMELY IMPORTANT TO HAVE THE PLANT AND OTHER FACILITIES

DEPARTMENT OF DEFENSE REQUIREMENTS, IN PEACE AND WAR, AND TO PROVIDE A MOBILIZATION BASE IN TIME OF AN EMERGENCY FOR INCREASED ORDNANCE PRODUCTION, OVERHAUL, AND RESEARCH.

I WANT TO EXTEND MY SINCERE THANKS AND TO ACKNOWLEDGE THE ASSISTANCE RENDERED IN PREPARATION OF THIS PAPER BY MR. G. O. PEHRSON, COMPTROLLER OF THE BUREAU OF ORDNANCE; MR. E. S. TILLEY, DEPUTY COMPTROLLER OF THE BUREAU; MR. A. B. CRAP, HEAD OF THE BUDGET AND ESTIMATES BRANCH; MR. W. J. KENNEVAN, HEAD OF THE FISCAL SYSTEMS BRANCH; MR. W. E. LILLY, HEAD OF THE ESTIMATES AND ANALYSIS SECTION; MR. W. G. DOAK, HEAD OF THE SPECIAL PROJECTS SECTION; AND MR. R. A. WICKER, HEAD OF THE ADMINISTRATIVE AND ACCOUNTING BRANCH.

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MR. J. J. JOSE, HEAD OF THE SPECIAL PROJECTS SECTION; A
MR. E. E. LICKER, HEAD OF THE ADMINISTRATIVE AND ACCOUNT
THE BUREAU.

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CHAPTER I

INTRODUCTION

THE HOOVER COMMISSION WAS CREATED BY UNANIMOUS VOTE OF CONGRESS IN JULY 1947 BY THE LODGE-BROWN ACT. THE COMMISSION WAS BI-PARTISAN AND WAS COMPOSED OF SIX MEMBERS OF EACH PARTY.

THE COMMISSION BEGAN BY DEFINING TWENTY-FOUR OF THE PRINCIPAL PROBLEMS OF GOVERNMENT AND MANAGEMENT. SPECIAL RESEARCH COMMITTEES OR TASK FORCES COMPOSED OF SPECIALISTS FROM OUTSIDE THE FEDERAL GOVERNMENT WERE CREATED TO INQUIRE INTO EACH OF THESE PROBLEMS.

ONE OF THE TASK FORCES STUDIED BUDGETING AND FISCAL PROCEDURES OF THE NATIONAL MILITARY ESTABLISHMENTS AND RECOMMENDED CHANGES THERETO. THE RECOMMENDATIONS WERE DRAWN UP BY THE TASK FORCES, APPROVED BY THE HOOVER COMMISSION, ACCEPTED BY THE ARMED SERVICES AND PROVIDED IN GENERAL THAT FULL POWERS OVER PREPARATION OF THE BUDGET SHOULD BE VESTED IN THE SECRETARY OF DEFENSE UNDER THE PRESIDENT; THAT THE SECRETARY OF DEFENSE SHOULD DIRECT A FULL REORGANIZATION OF FISCAL AND BUDGET PRACTICES, AND THAT A PERFORMANCE-TYPE BUDGET SHOULD BE INSTITUTED THROUGHOUT THE ARMED SERVICES; AND THAT THE ARMED SERVICES SHOULD BE REQUIRED TO KEEP ACCURATE RECORDS OF THEIR

CHAPTER I
INTRODUCTION

The Hoover Commission was created by unanimous
vote of Congress in July 1947 by the Long-Brown Act.
The Commission was bi-partisan and was composed of six
members of each party.
The Commission began by defining twenty-four of
the principal problems of government and management.
Special research committees or task forces composed of
specialists from outside the Federal Government were
created to inquire into each of these problems.
One of the task forces studied budgeting and the
procedures of the National Military Establishment and
recommended changes thereto. The recommendations were
drawn up by the task forces, approved by the Hoover Com-
mission, accepted by the Armed Services and provided in
general that full powers over preparation of the budget
should be vested in the Secretary of Defense under the
President; that the Secretary of Defense should direct
full reorganization of legal and budget practices, and
that a performance-type budget should be instituted
throughout the Armed Services; and that the Armed Services
should be required to keep accurate records of their

OPERATIONS.

THE STATUTORY REACTION TO THE HOOVER COMMISSION RECOMMENDATION WAS THE TITLE IV AMENDMENT TO THE NATIONAL SECURITY ACT OF 1947, WHICH WAS ENACTED INTO LAW BY CONGRESS IN 1949 AS PUBLIC LAW 216.

THE NEW TITLE IV AIMED AT ESTABLISHING UNIFORM BUDGETARY AND FISCAL PROCEDURES AND ORGANIZATION WITHIN THE DEPARTMENT OF DEFENSE. THIS AMENDMENT DIRECTED THE ESTABLISHMENT OF COMPTROLLERS IN THE DEPARTMENT OF DEFENSE, DEPARTMENT OF THE NAVY, DEPARTMENT OF THE ARMY, AND DEPARTMENT OF THE AIR FORCE; AUTHORIZED WORKING CAPITAL FUNDS; AUTHORIZED MANAGEMENT FUNDS; REQUIRED QUANTITATIVE AND MONETARY PROPERTY RECORDING; CALLED FOR THE PERFORMANCE-TYPE BUDGET PRESENTATION BY THE NAVY, ARMY, AND AIR FORCE BY FISCAL YEAR 1952.

THE PREPAREDNESS SUBCOMMITTEE NO. 3 OF THE SENATE ARMED SERVICES COMMITTEE CONDUCTED OPEN HEARINGS FROM THE 2ND TO 4TH OF NOVEMBER, 1953 TO DETERMINE WHAT ACTION HAD BEEN TAKEN BY THE SECRETARY OF DEFENSE AND THE MILITARY DEPARTMENTS IN THE IMPLEMENTATION OF TITLE IV OF THE NATIONAL SECURITY ACT AMENDMENTS OF 1949, AND TO DETERMINE IF FURTHER LEGISLATION WAS REQUIRED.

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THE MILITARY DEPARTMENTS IN THE IMPLEMENTATION OF TITLE
IV OF THE NATIONAL SECURITY ACT AMENDMENTS OF 1949, AND TO
DETERMINE IF FURTHER LEGISLATION WAS REQUIRED.

IN A STATEMENT BEFORE THE SUBCOMMITTEE UNDER THE CHAIRMANSHIP OF SENATOR FLANDERS OF VERMONT, THE SECRETARY OF THE NAVY SAID: ¹

I STRONGLY CONCUR WITH THE HOOVER COMMISSION'S OBSERVATION THAT THE BUDGET AND APPROPRIATION PROCESS IS THE HEART OF THE MANAGEMENT AND CONTROL OF THE EXECUTIVE BRANCH. AS SECRETARY OF THE NAVY, I HAVE GIVEN, AND SHALL CONTINUE TO GIVE MUCH OF MY ATTENTION TO STRENGTHENING THE BUDGETARY PROCESSES AND FINANCIAL MANAGEMENT IN NAVY. I HAVE FOUND TITLE IV OF THE NATIONAL SECURITY ACT AMENDMENTS OF 1949 TO BE AN EXCELLENT PIECE OF LEGISLATION. EVERYTHING POSSIBLE HAS BEEN DONE TO IMPLEMENT ITS PROVISIONS, ALTHOUGH FURTHER PROGRESS IS BOTH REQUIRED AND PLANNED.

THE NAVY WAS PARTICULARLY FORTUNATE IN THAT, FOR A GREAT MANY YEARS PRIOR TO THE PASSAGE OF TITLE IV, THE IMPORTANCE OF FISCAL MANAGEMENT HAD BEEN FULLY RECOGNIZED. ADVANCES IN THIS FIELD FACILITATED IMPLEMENTATION OF THE PROVISIONS OF TITLE IV. FOR EXAMPLE, BUDGET PREPARATION AND EXECUTION HAD BEEN AN ESTABLISHED FUNCTION UNDER THE OFFICE OF BUDGET AND REPORTS SINCE 1941. THE NAVY, IN COLLABORATION WITH THE NAVY APPROPRIATION SUBCOMMITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE, HAD RECOMMENDED TO THE CONGRESS, AS EARLY AS 1946, THE ADOPTION OF A REVISED APPROPRIATION STRUCTURE ALONG PROGRAM AND PERFORMANCE LINES. LIKEWISE, COORDINATION OF THE BUDGET WITH PROGRESS AND STATISTICAL REPORTING HAD BEEN LARGELY EFFECTED. PROPERTY ACCOUNTING ON BOTH AN ITEM AND DOLLAR BASIS HAS BEEN IN EXISTENCE FOR MANY YEARS, EXCEPT FOR A TEMPORARY INTERRUPTION DURING WORLD WAR II. INDUSTRIAL OR COMMERCIAL-TYPE ACCOUNTING, TO THE EXTENT PERMITTED BY LAW, WAS ALSO ESTABLISHED AT MAJOR ACTIVITIES PRIOR TO TITLE IV. THE NAVY HAS BEEN USING A REVOLVING STOCK FUND TO FINANCE

¹ SECRETARY OF THE NAVY ROBERT B. ANDERSON, STATEMENT OF THE SECRETARY OF THE NAVY BEFORE PREPAREDNESS SUBCOMMITTEE NO. 3 FOR THE IMPLEMENTATION OF TITLE IV OF THE NATIONAL SECURITY ACT AMENDMENTS OF 1949 SENATE ARMED SERVICES COMMITTEE, PP 1-2.

IN A STATEMENT BEFORE THE SUBCOMMITTEE UNDER THE
LEADERSHIP OF SENATOR PLATT, THE SECRETARY
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SECRETARY OF THE NAVY ROBERT A. ANDERSON,
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OF THE NATIONAL SECURITY ACT OF 1947, JANUARY 1948

COMMON USAGE ITEMS ON AN ISSUE RATHER THAN INITIAL PROCUREMENT BASIS SINCE 1893. THESE ACCOMPLISHMENTS IN FINANCIAL MANAGEMENT ARE MENTIONED TO POINT OUT THAT THE PRIMARY TASKS CONFRONTING THE DEPARTMENT AT THE TIME OF PASSAGE OF TITLE IV WERE CONCERNED LARGELY WITH: (1) BRINGING TOGETHER AND INTEGRATING WITHIN ONE ORGANIZATION THE VARIOUS FISCAL FUNCTIONS BEING PERFORMED AT DIFFERENT ORGANIZATION LOCATIONS THROUGHOUT THE DEPARTMENT; (2) IMPLEMENTING FUNCTIONS WHERE RELATIVELY LITTLE PROGRESS HAD BEEN MADE, SUCH AS INTERNAL AUDITING AND THE ESTABLISHMENT OF WORKING CAPITAL FUNDS AT INDUSTRIAL OR COMMERCIAL-TYPE OPERATIONS; AND (3) PLACING INCREASED EMPHASIS ON IMPROVED POLICIES AND PROCEDURES IN ALL AREAS OF FINANCIAL MANAGEMENT.

IN DESCRIBING THE NAVY'S ACCOMPLISHMENTS IN PERFORMANCE BUDGETING AND THE ESTABLISHMENT OF WORKING CAPITAL FUNDS, THE SECRETARY OF NAVY SAID: ²

TITLE IV REQUIRES THE ADOPTION OF A PROGRAM OR PERFORMANCE BUDGET WHICH FOCUSES ATTENTION UPON PROGRAMS: (1) OBJECTIVES TO BE ATTAINED; (2) COST; AND (3) ACCOMPLISHMENT. IT ALSO REQUIRES THE SEGREGATION OF OPERATING AND CAPITAL PROGRAMS. FORTUNATELY, THE NAVY HAS LONG BEEN SO ORGANIZED AS TO FACILITATE THE IDENTIFICATION OF FUNCTIONAL PROGRAMS. THE ANNUAL OBJECTIVES FOR EACH PROGRAM ARE DEFINED IN THE BASIC NAVAL ESTABLISHMENT PLAN, WHICH IS REVISED DURING THE YEAR AS PLANNING PROGRESSES. THUS, FUNCTIONAL PROGRAMS IN THE NAVY ARE GIVEN REALITY AND MEANING BY IDENTIFICATION WITH RESPONSIBLE ORGANIZATIONS, STATED MISSIONS, AND SPECIFIC OBJECTIVES.

TITLE IV REQUIRED THE ESTABLISHMENT OF WORKING CAPITAL FUNDS IN ORDER MORE EFFECTIVELY TO CONTROL AND ACCOUNT FOR THE COST OF PROGRAMS AND WORK PERFORMED IN THE DEPARTMENT OF DEFENSE. THE COMPTROLLER'S OFFICE HAS EXPENDED CONSIDERABLE

²IBID. PP 6, 7, 9, 10

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EFFORT IN THIS AREA. TO DATE, 28 ACTIVITIES OF THE INDUSTRIAL OR COMMERCIAL-TYPE HAVE BEEN CONVERTED TO WORKING CAPITAL FUND FINANCING AND COMMERCIAL-TYPE ACCOUNTING. THIS INCLUDES 3 SHIPYARDS, 2 ORDNANCE PLANTS, 1 POWDER FACTORY, 1 RESEARCH LABORATORY, THE MARINE CORPS CLOTHING FACTORY, MILITARY SEA TRANSPORTATION SERVICE, THE DEFENSE PRINTING SERVICE, AND 18 FIELD PRINTING PLANTS. DURING THE REMAINDER OF THE FISCAL YEAR, IT IS PLANNED TO CONVERT 3 ADDITIONAL INDUSTRIAL-TYPE ACTIVITIES. THIS LEAVES A LARGE NUMBER OF ACTIVITIES TO BE CONVERTED. PROGRESS IS INCREASING, HOWEVER, AS PERSONNEL GAIN EXPERIENCE, AND MANUALS OF INSTRUCTIONS AND PROCEDURES ARE PREPARED TO COVER THE VARIOUS TYPES OF INSTALLATIONS.

MANY WHO ATTENDED THESE OPEN HEARINGS FELT THAT THE DEPARTMENT OF THE NAVY HAD PROGRESSED MORE RAPIDLY AND HAD MORE FAVORABLY IMPRESSED THE SUBCOMMITTEE IN THE IMPLEMENTATION OF TITLE IV THAN THE DEPARTMENT OF THE ARMY OR THE DEPARTMENT OF THE AIR FORCE.

FOR THE SECRETARY OF NAVY TO HAVE BEEN ABLE TO GIVE SUCH AN EXCELLENT REPORT OF PROGRESS, IT WAS NECESSARY FOR THE OPERATING BUREAUS OF THE NAVY DEPARTMENT TO HAVE COOPERATED WITH THE COMPTROLLER OF THE NAVY IN THE INSTALLATION OF THE NAVAL INDUSTRIAL FUND AT INDUSTRIAL OR COMMERCIAL-TYPE ACTIVITIES, AND TO IMPROVE BUDGETING, COST ACCOUNTING, APPROPRIATION ACCOUNTING AND PROPERTY ACCOUNTING AT THEIR FIELD ACTIVITIES.

THE BUREAU OF ORDNANCE HAS ACCOMPLISHED EXCELLENT RESULTS DURING THE PAST THREE YEARS IN THE FIELD OF

REPORT IN THIS AREA. TO DATE, 28 ACTIVITIES OF THE INDUSTRIAL OR COMMERCIAL-TYPE HAVE BEEN CONVERTED TO WORKING CAPITAL FUND FINANCING AND COMMERCIAL-TYPE ACCOUNTING. THIS INCLUDES 3 SHIPYARDS, 2 ORDNANCE PLANTS, 1 POWER FACTORY, 1 RESEARCH LABORATORY, THE MARINE CORPS CLOTHING FACTORY, MILITARY SEA TRANSPORTATION SERVICE, THE 2 PRINCE PRINCE SERVICES, AND 18 FIELD PRINTING PLANTS. DURING THE REMAINDER OF THE FISCAL YEAR, IT IS PLANNED TO CONVERT 3 ADDITIONAL INDUSTRIAL-TYPE ACTIVITIES. THIS LEAVES A LARGE NUMBER OF ACTIVITIES TO BE CONVERTED. PROGRESS IS INCREASING, HOWEVER, AS PERSONNEL GAIN EXPERIENCE, AND MANUALS OF INSTRUCTIONS AND PROCEDURES ARE PREPARED TO COVER THE VARIOUS TYPES OF INSTALLATIONS.

MANY WHO ATTENDED THESE OPEN HEARINGS FELT THAT THE DEPARTMENT OF THE NAVY HAD PROGRESSED MORE RAPIDLY AND HAD MORE FAVORABLY IMPRESSED THE SUBCOMMITTEE IN THE IMPLEMENTATION OF TITLE 16 THAN THE DEPARTMENT OF THE ARMY OR THE DEPARTMENT OF THE AIR FORCE.

FOR THE SECRETARY OF NAVY TO HAVE BEEN ABLE TO GIVE SUCH AN EXCELLENT REPORT OF PROGRESS, IT WAS NECESSARY FOR THE OPERATING BUREAUS OF THE NAVY DEPARTMENT TO HAVE COOPERATED WITH THE COMPTROLLER OF THE NAVY IN THE INSTALLATION OF THE NAVAL INDUSTRIAL FUND AT INDUSTRIAL OR COMMERCIAL-TYPE ACTIVITIES, AND TO IMPROVE BUDGETING, COST ACCOUNTING, APPROPRIATION ACCOUNTING AND PROPERTY ACCOUNTING AT THEIR FIELD ACTIVITIES.

THE BUREAU OF ORDNANCE HAS ACCOMPLISHED EXCELLENT RESULTS DURING THE PAST THREE YEARS IN THE FIELD OF

BUDGETING AND ACCOUNTING AT FIELD ACTIVITIES UNDER ITS MANAGEMENT CONTROL. IN ADDITION TO APPOINTMENT OF A BUREAU COMPTROLLER AND BUILDING ITS BUDGET ALONG PROGRAM LINES, THE BUREAU OF ORDNANCE HAS INSTALLED THE NAVAL INDUSTRIAL FUND IN FOUR FIELD ACTIVITIES WITH PLANS FOR EXTENSION OF THE NAVAL INDUSTRIAL FUND TO OTHER ACTIVITIES IN THE IMMEDIATE FUTURE.

SUCCEEDING CHAPTERS WILL GIVE MORE INFORMATION CONCERNING ACCOMPLISHMENTS IN THE FIELD OF BUDGETING AND ACCOUNTING BY THE BUREAU OF ORDNANCE.

BUDGETING AND ACCOUNTING AT FIELD ACTIVITIES UNDER ITS
MANAGEMENT CONTROL. In addition to appointment of a
BUREAU COMPTROLLER AND BUILDING ITS BUDGET ALONG PROGRAM
LINES, THE BUREAU OF ORDNANCE HAS INSTALLED THE NAVAL
INDUSTRIAL FUND IN FOUR FIELD ACTIVITIES WITH PLANS FOR
EXTENSION OF THE NAVAL INDUSTRIAL FUND TO OTHER ACTIVITIES
IN THE IMMEDIATE FUTURE.

SUCCESSING CHAPTERS WILL GIVE MORE INFORMATION
CONCERNING ACCOMPLISHMENTS IN THE FIELD OF BUDGETING
AND ACCOUNTING BY THE BUREAU OF ORDNANCE.

CHAPTER II
THE BUREAU OF ORDNANCE

DUTIES AND RESPONSIBILITIES -- THE BUREAU OF ORDNANCE IS ONE OF THE MAJOR TECHNICAL BUREAUS OF THE DEPARTMENT OF THE NAVY. UNITED STATES NAVY REGULATIONS OUTLINES THE FOLLOWING DUTIES AND RESPONSIBILITIES FOR THE BUREAU OF ORDNANCE:³

THE BUREAU OF ORDNANCE SHALL BE RESPONSIBLE FOR THE FOLLOWING, EXCEPT AS OTHERWISE PRESCRIBED IN THESE REGULATIONS OR BY THE SECRETARY OF THE NAVY:

THE DESIGN, DEVELOPMENT, PROCUREMENT, MANUFACTURE, DISTRIBUTION, MAINTENANCE, REPAIR, ALTERATION, AND MATERIAL EFFECTIVENESS OF NAVAL ORDNANCE; THE RESEARCH THEREIN; AND ALL PERTINENT FUNCTIONS RELATING THERETO INCLUDING THE CONTROL OF STORAGE AND TERMINAL FACILITIES FOR, AND THE STORAGE AND ISSUE OF, AMMUNITION AND AMMUNITION DETAILS.

EXCEPT AS OTHERWISE PRESCRIBED IN THESE REGULATIONS OR BY THE SECRETARY OF THE NAVY, THE BUREAU OF ORDNANCE SHALL EXERCISE MANAGEMENT CONTROL OF THOSE COMMANDS AND ORGANIZATIONS ESTABLISHED AS SEPARATE ACTIVITIES OF THE SHORE ESTABLISHMENT WHOSE PRIMARY FUNCTIONS ARE:

1. RESEARCH IN AND DESIGN, DEVELOPMENT, MANUFACTURE, TEST, INSPECTION, ALTERATION, AND OVERHAUL OF NAVAL OFFENSIVE AND DEFENSIVE ORDNANCE, THE COMPONENTS THEREOF, AND THE EQUIPMENTS PERTAINING THERETO.

2. STORAGE AND ISSUE OF AMMUNITION AND AMMUNITION DETAILS.

IN ORDER TO ACCOMPLISH THE MANY AND VARIED TASKS ASSIGNED, THE BUREAU OF ORDNANCE UTILIZES NOT ONLY THE ENERGIES AND TALENTS OF 320 NAVAL OFFICERS AND 1,352 CIVILIAN EMPLOYEES AT THE SEAT OF GOVERNMENT IN WASHINGTON, BUT ALSO THE EFFORTS OF 10,251 MILITARY PERSONNEL AND

³UNITED STATES NAVY, UNITED STATES NAVY REGULATIONS, 1948, U.S. GOVERNMENT PRINTING OFFICE, WASHINGTON 1948 P. 43.

THE BUREAU OF ORDNANCE

DUTIES AND RESPONSIBILITIES -- THE BUREAU OF

ORDNANCE IS ONE OF THE MAJOR TECHNICAL BUREAUS OF THE DEPARTMENT OF THE NAVY. UNITED STATES NAVY REGULATION OUTLINES THE FOLLOWING DUTIES AND RESPONSIBILITIES FOR THE BUREAU OF ORDNANCE:

THE BUREAU OF ORDNANCE SHALL BE RESPONSIBLE FOR THE FOLLOWING, EXCEPT AS OTHERWISE PRESCRIBED IN THESE REGULATIONS OR BY THE SECRETARY OF THE NAVY: THE DESIGN, DEVELOPMENT, PRODUCTION, MAINTENANCE, DISTRIBUTION, REPAIR, ALTERATION AND MATERIAL EFFECTIVENESS OF NAVAL ORDNANCE; THE RESEARCH THEREIN; AND ALL PERTINENT FUNCTIONS RELATING THERETO INCLUDING THE CONTROL OF STORAGE AND TERMINAL FACILITIES FOR, AND THE STORAGE AND ISSUE OF, AMMUNITION AND AMMUNITION DETAILS.

EXCEPT AS OTHERWISE PRESCRIBED IN THESE REGULATIONS OR BY THE SECRETARY OF THE NAVY, THE BUREAU OF ORDNANCE SHALL EXERCISE MANAGEMENT CONTROL OF THOSE COMMANDS AND ORGANIZATIONS ESTABLISHED AS SEPARATE ACTIVITIES OF THE BUREAU ESTABLISHMENT WHOSE PRIMARY FUNCTIONS ARE:

1. RESEARCH IN AND DESIGN, DEVELOPMENT, MANUFACTURE, TEST, INSPECTION, ALTERATION, AND OVERHAUL OF NAVAL OFFENSIVE AND DEFENSIVE ORDNANCE, THE COMPONENTS THEREOF, AND THE EQUIPMENTS PERTAINING THERETO.
2. STORAGE AND ISSUE OF AMMUNITION AND AMMUNITION DETAILS.

IN ORDER TO ACCOMPLISH THE MANY AND VARIED TASKS

ASSIGNED, THE BUREAU OF ORDNANCE UTILIZES NOT ONLY THE SERVICES AND TALENTS OF 330 NAVAL OFFICERS AND 1,300 CIVILIAN EMPLOYEES AT THE SEAT OF GOVERNMENT IN WASHINGTON BUT ALSO THE EFFORTS OF 10,501 MILITARY PERSONNEL AND

62,824 EMPLOYEES AT 52 MAJOR FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU.

ORGANIZATION AND FUNCTIONS -- THE TOP POLICY MAKING AND DIRECTION OF THE BUREAU OF ORDNANCE ORGANIZATION ARE PERFORMED BY THE CHIEF AND DEPUTY CHIEF OF THE BUREAU. THE CHIEF AND DEPUTY CHIEF ARE ASSISTED BY TWO STAFF DIVISIONS, TWO MAJOR OPERATING DIVISIONS AND FIVE SERVICE DIVISIONS IN CARRYING OUT THE MANAGEMENT AND SUPERVISION OF THE BUREAU AND THE NAVAL ORDNANCE ESTABLISHMENT.

THE STAFF DIVISIONS ARE THE PLANNING AND PROGRESS DIVISION AND THE INSPECTOR OF NAVAL ORDNANCE ESTABLISHMENT.

THE OPERATING DIVISIONS ARE THE MATERIAL DIVISION AND RESEARCH AND DEVELOPMENT DIVISION. APPROXIMATELY FIFTY PER CENT OF THE BUREAU CIVILIAN PERSONNEL ARE ENGAGED IN WORK OF THESE TWO DIVISIONS.

THE SERVICE DIVISIONS ARE THE FINANCIAL DIVISION, THE CONTRACT DIVISION, THE ADMINISTRATIVE DIVISION, THE QUALITY CONTROL DIVISION AND LEGAL COUNSEL FOR THE BUREAU.

THE DETAILED FUNCTIONS AND RESPONSIBILITIES OF THE VARIOUS DIVISIONS ARE INDICATED ON THE ORGANIZATION AND FUNCTIONAL CHART OF THE BUREAU OF ORDNANCE, WHICH ILLUSTRATION IS SHOWN ON PAGE 9.

62,324 EMPLOYEES AT 52 MAJOR FIELD ACTIVITIES UNDER THE
MANAGEMENT CONTROL OF THE BUREAU.

ORGANIZATION AND FUNCTIONS -- THE TOP POLICY MAK-
ING AND DIRECTION OF THE BUREAU OF ORDNANCE ORGANIZATION AND
PERFORMED BY THE CHIEF AND DEPUTY CHIEF OF THE BUREAU.
THE CHIEF AND DEPUTY CHIEF ARE ASSISTED BY TWO STAFF
DIVISIONS, TWO MAJOR OPERATING DIVISIONS AND FIVE SERVICE
DIVISIONS IN CARRYING OUT THE MANAGEMENT AND SUPERVISION
OF THE BUREAU AND THE NAVAL ORDNANCE ESTABLISHMENT.
THE STAFF DIVISIONS ARE THE PLANNING AND PROGRAM
DIVISION AND THE INSPECTOR OF NAVAL ORDNANCE ESTABLISHMENT.
THE OPERATING DIVISIONS ARE THE MATERIAL DIVISION
AND RESEARCH AND DEVELOPMENT DIVISION. APPROXIMATELY
FIFTY PER CENT OF THE BUREAU CIVILIAN PERSONNEL ARE ENGAGED
IN WORK OF THESE TWO DIVISIONS.
THE SERVICE DIVISIONS ARE THE FINANCIAL DIVISION,
THE CONTRACT DIVISION, THE ADMINISTRATIVE DIVISION, THE
QUALITY CONTROL DIVISION AND LEGAL COUNSEL FOR THE BUREAU.
THE DETAILED FUNCTIONS AND RESPONSIBILITIES OF
THE VARIOUS DIVISIONS ARE INDICATED ON THE ORGANIZATION
AND FUNCTIONAL CHART OF THE BUREAU OF ORDNANCE, WHICH
ILLUSTRATION IS SHOWN ON PAGE 2.

Notes 1/ Conducts inspections, surveys, and investigations concerning efficiency, safety practices, industrial safety and hygiene, and adherence to directives; recommends appropriate corrective action.

2/ Provides all legal advice and services to the Bureau in connection with all matters pertaining to business or commercial law (except patents) and coordinates all legal matters (except patents) concerning the accomplishment of the Bureau's mission. This includes, but is not limited to, the legal aspects of procurement policies and procedures, and all legal matters relating to procurement, contract termination, property disposition, renegotiation and claims.

BUREAU OF ORDNANCE

CHIEF OF BUREAU
DEPUTY & ASSISTANT CHIEF

CODE A
CODE B

IS RESPONSIBLE TO THE SECRETARY OF THE NAVY FOR THE ACTIVE PLANNING, DIRECTION, COORDINATION, AND CONTROL OF THE BUREAU AND ITS FIELD STATIONS WITHIN THE SCOPE OF THE FUNCTIONS ESTABLISHED AND AUTHORITY DELEGATED IN NAVY REGULATIONS.

MANAGEMENT COUNCIL

CONSIDERS NEED FOR AND RECOMMENDS CHANGES IN POLICY, SYSTEMS OF CONTROL, AND OTHER MATTERS OF A GENERAL MANAGEMENT NATURE; DISCUSSES AND COORDINATES MANAGEMENT PLANS, POLICIES AND OBJECTIVES; PRESENTS DIVISIONAL POINTS OF VIEW ON BROAD MANAGEMENT PROBLEMS.

SPECIAL ASSISTANTS

INSPECTOR OF NAVAL ORDNANCE ESTABLISHMENTS CODE In
Performs functions indicated in Note 1/
See Chart No. 33.1
COUNSEL FOR THE BUREAU CODE Le
Performs functions indicated in Note 2/
See Chart No. 33.2

ADMINISTRATIVE DIVISION

DIVISION DIRECTOR CODE Ad
See Chart No. 33A

PROVIDES OFFICE SERVICES, MILITARY AND CIVILIAN PERSONNEL SERVICES, MANAGEMENT SERVICES, AND TECHNICAL LIBRARY SERVICES; BUDGETS FOR ADMINISTRATIVE EXPENSES; ADMINISTERS SECURITY REGULATIONS AND THE PRINTING, EDITING, AND DISTRIBUTION OF PUBLICATIONS.

FINANCIAL DIVISION

COMPTROLLER AND DIVISION DIRECTOR CODE Fi
See Chart No. 33B

ADMINISTERS THE PREPARATION OF THE BUREAU'S BUDGET; ALLOCATES AND MAINTAINS ACCOUNTING RECORDS FOR APPROPRIATED FUNDS; RECOMMENDS AND COORDINATES WITH HIGHER AUTHORITY REVISIONS TO THE BUDGET, REALLOCATION OF FUNDS, AND EXPENDITURE OF SURPLUSES; REVIEWS AND APPROVES, WHERE APPROPRIATE, ALL TRANSACTIONS INVOLVING THE EXPENDITURE OF FUNDS; COORDINATES FINANCIAL AND FISCAL MATTERS AND DEVELOPS BUDGET AND ACCOUNTING SYSTEMS FOR THE ORDNANCE STATIONS.

PLANNING AND PROGRESS DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION DIRECTOR CODE PI
See Chart No. 33C

DEVELOPS, PROMULGATES, AND COORDINATES LOGISTIC AND MOBILIZATION PLANNING IN CONFORMANCE WITH DIRECTIVES FROM HIGHER AUTHORITY; FORMULATES POLICY AND ISSUES DIRECTIVES TO AND COORDINATES BETWEEN COGNIZANT DIVISIONS ON SUBSTANTIVE PROGRAMS; REPORTS PROGRESS AS COMPARED WITH REQUIREMENTS OF RESPECTIVE MATERIAL PROGRAMS; REVIEWS AND ADVISES REGARDING FINANCIAL AND BUDGETARY PLANNING, REALLOCATION OF FUNDS, AND EXPENDITURE OF SURPLUSES; COORDINATES MILITARY AID PROGRAM WITH FOREIGN GOVERNMENTS.

QUALITY CONTROL DIVISION

DIVISION DIRECTOR CODE Qc
See Chart No. 33D

INITIATES, PROMULGATES, AND ADMINISTERS POLICIES, PROCEDURES, AND SERVICES CONCERNING THE EVALUATION AND CONTROL OF QUALITY OF ALL NAVAL ORDNANCE; PROVIDES FOR THE ESTABLISHMENT AND ADMINISTRATION OF QUALITY EVALUATION LABORATORIES AND FOR TECHNICAL DIRECTION OF THE ENTIRE ORDNANCE INSPECTION PROGRAM; INSURES THE STATISTICAL ADEQUACY OF TESTS FOR DESIGN, PRODUCTION, AND SURVEILLANCE.

CONTRACT DIVISION

DIVISION DIRECTOR CODE Co
See Chart No. 33E

OPERATES AS A CENTRAL CONTRACTING OFFICE TO CONDUCT NEGOTIATIONS, ARRANGE FINANCES, ADVERTISE FOR BIDS, AWARD AND AMEND CONTRACTS, AND SUPERVISE TERMINATIONS; ASSISTS IN THE FINANCING OF CONTRACTORS THROUGH GUARANTEED AND DIRECT LOANS AND ADVANCES PAYMENTS.

NAVAL ORDNANCE ESTABLISHMENTS DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION DIRECTOR CODE Es
See Chart No. 33F

ADMINISTERS ALL MATTERS PERTAINING TO THE MAINTENANCE OF NAVAL ORDNANCE ESTABLISHMENTS INCLUDING REQUIREMENTS FOR SERVICE, FACILITIES, PERSONNEL, AND INDUSTRIAL RELATIONS; COORDINATES ALL MATTERS CONCERNING MANAGEMENT, OPERATION, AND ADMINISTRATION OF THESE STATIONS.

MATERIAL DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION DIRECTOR CODE Ma
See Chart No. 33G

DIRECTS THE PROCUREMENT, DISTRIBUTION, MAINTENANCE, REPAIR, ALTERATIONS, REPLACEMENT, AND INVENTORY CONTROL OF ALL NAVAL ORDNANCE, INCLUDING SPARES, AFLOAT AND ASHORE; PROVIDES FOR THE PRODUCTION, DISTRIBUTION, ISSUE, ACCOUNTING, MAINTENANCE, STOWAGE, SAFETY, HANDLING, AND SURVEILLANCE OF ALL TYPES OF AMMUNITION AND EXPLOSIVES; PROVIDES FOR THE PREPARATION OF MANUALS FOR OPERATION AND MAINTENANCE INSTRUCTION.

RESEARCH AND DEVELOPMENT DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION DIRECTOR CODE Re
See Chart No. 33H

DIRECTS AND IMPLEMENTS RESEARCH, DESIGN, DEVELOPMENT, AND EXPERIMENTAL PROJECTS FOR THE BUREAU WITHIN ITS PROGRAMS, INCLUDING WORK ASSIGNED TO ITS ACTIVITIES AND LABORATORIES, PRIVATE CONTRACTORS, AND UNIVERSITIES, AND COORDINATES WORK CONDUCTED BY OTHER GOVERNMENT AGENCIES FOR THE BUREAU.

DATE: 2 APRIL 1953

APPROVED:

M. F. Schaffel
(Chief of Bureau)

SECRETARY OF THE NAVY

BUREAU OF ORDNANCE

CHART NO. 33

THE COMPTROLLER AND FINANCIAL DIVISION -- THE COMPTROLLER OF THE BUREAU OF ORDNANCE IS ALSO THE DIRECTOR OF THE FINANCIAL DIVISION. THE PRESENT COMPTROLLER IS MR. G. O. PEHRSON. THE DEPUTY COMPTROLLER IS MR. E. S. TILLEY. THE BUREAU OF ORDNANCE IS THE ONLY BUREAU OF THE NAVY DEPARTMENT WHICH HAS A CIVILIAN COMPTROLLER. MR. PEHRSON HAS HELD THIS POSITION SINCE 1951.

THE FINANCIAL DIVISION PROVIDES BUDGETARY AND FISCAL SERVICE FOR THE BUREAU ON ALL MATTERS WHICH INVOLVE THE PLANNING FOR AND THE EXPENDITURE OF FUNDS. ALSO, THE FOLLOWING DUTIES AND RESPONSIBILITIES HAVE BEEN ASSIGNED TO THE FINANCIAL DIVISION:

1. TO ADMINISTER THE PREPARATION OF THE BUREAU'S BUDGET.
2. TO ALLOCATE AND MAINTAIN ACCOUNTING RECORDS FOR APPROPRIATED FUNDS.
3. TO RECOMMEND AND COORDINATE WITH HIGHER AUTHORITY REVISIONS TO THE BUDGET, REALLOCATION OF FUNDS, AND EXPENDITURE OF SURPLUSES.
4. TO REVISE AND APPROVE, WHERE APPROPRIATE, ALL TRANSACTIONS INVOLVING THE EXPENDITURE OF FUNDS.

THE COMPTROLLER AND FINANCIAL DIVISION -- THE
COMPTROLLER OF THE BUREAU OF ORDNANCE IS ALSO THE DIRECT
OF THE FINANCIAL DIVISION. THE PRESENT COMPTROLLER IS
MR. G. O. FENNISON. THE DEPUTY COMPTROLLER IS MR. A. E.
TILLEY. THE BUREAU OF ORDNANCE IS THE ONLY BUREAU OF THE
NAVY DEPARTMENT WHICH HAS A CIVILIAN COMPTROLLER. MR.
FENNISON HAS HELD THIS POSITION SINCE 1951.

THE FINANCIAL DIVISION PROVIDES BUDGETARY AND
FISCAL SERVICE FOR THE BUREAU ON ALL MATTERS WHICH INVOLV
THE PLANNING FOR AND THE EXPENDITURE OF FUNDS. ALSO, TH
FOLLOWING DUTIES AND RESPONSIBILITIES HAVE BEEN ASSIGNED
TO THE FINANCIAL DIVISION:

1. TO ADMINISTER THE PREPARATION OF THE BUREAU
BUDGET.
2. TO ALLOCATE AND MAINTAIN ACCOUNTING RECORDS
FOR APPROPRIATED FUNDS.
3. TO RECOMMEND AND COORDINATE WITH HIGHER AGENC
ITY REVISIONS OF THE BUDGET, REALLOCATION OF FUNDS, AND
EXPENDITURE OF SURPLUSES.
4. TO REVISE AND APPROVE, WHERE APPROPRIATE, AL
TERNATIVES INVOLVING THE EXPENDITURE OF FUNDS.

5. To COORDINATE FINANCIAL AND FISCAL MATTERS.

6. To DEVELOP BUDGET AND ACCOUNTING SYSTEMS FOR THE ORDNANCE STATIONS.

To ACCOMPLISH THE ABOVE, THE FINANCIAL DIVISION IS ORGANIZED INTO FOUR BRANCHES: THE FISCAL SYSTEMS BRANCH, THE ADMINISTRATIVE AND ACCOUNTING BRANCH, THE BUDGET AND ESTIMATES BRANCH AND THE INTER-AGENCY OPERATIONS BRANCH. THE FUNCTIONS OF THESE BRANCHES ARE GIVEN IN THE ILLUSTRATION ON PAGE 12.

THE BUDGET -- BY THE DEPARTMENT OF DEFENSE APPROPRIATIONS ACT OF 1954, THE FOLLOWING APPROPRIATIONS AND MONIES WERE MADE AVAILABLE TO THE BUREAU OF ORDNANCE FOR OBLIGATION OR EXPENDITURE DURING FISCAL YEAR 1954:⁴

<u>APPROPRIATIONS</u>	<u>TYPE OF APPROPRIATIONS</u>	<u>AMOUNT</u>
ORDNANCE AND FACILITIES, NAVY	ANNUAL	\$804,000,000
ORDNANCE NEW CONSTRUCTION (FOR LIQUIDATION OF CONTRACT AUTHORIZATION)	CONTINUING	10,000,000
SHIPBUILDING AND CONSTRUCTION, NAVY (ORDNANCE SUBHEAD)	CONTINUING	64,000,000
AIRCRAFT AND RELATED PROCUREMENT (ORDNANCE SUBHEAD)	CONTINUING	51,000,000

⁴PUBLIC LAW 179, 83RD CONGRESS

5. TO COORDINATE FINANCIAL AND FISCAL MATTERS.
6. TO DEVELOP BUDGET AND ACCOUNTING SYSTEMS FOR

THE ORDNANCE STATIONS.

To accomplish the above, the financial division is organized into four branches: the fiscal systems branch, the administrative and accounting branch, the budget and estimates branch and the inter-agency operations branch. The functions of these branches are given in the illustration on page 12.

The budget -- by the department of defense appropriations act of 1954, the following appropriations and monies were made available to the bureau of ordnance for operation or expenditure during fiscal year 1954:

AMOUNT	TYPE OF APPROPRIATIONS	DESCRIPTION
\$4,000,000	RECURRING	ORDNANCE AND RELATED ACTIVITIES, RECURRING
10,000,000	NONRECURRING	ORDNANCE NEW CONSTRUCTION (FOR LIQUIDATION OF CONTRACT OBLIGATION)
84,000,000	NONRECURRING	SHIPBUILDING AND CONSTRUCTION, NAVY (ORDNANCE SUBHEAD)
21,000,000	NONRECURRING	AIRCRAFT AND RELATED PRO-CONSTRUCTION, AIR FORCE (ORDNANCE SUBHEAD)

FINANCIAL DIVISION	
COMPTROLLER AND DIVISION DIRECTOR	CODE Fi
DEPUTY COMPTROLLER	CODE Fia

SPECIAL ASSISTANT	
ASSISTANT TO DIVISION DIRECTOR	CODE Fib

FISCAL SYSTEMS BRANCH	
BRANCH HEAD	CODE Fi1 See Chart No. 33B1
<p>ORGANIZES AND CONDUCTS INTERNAL AUDITS AND SURVEYS OF FISCAL PROCEEDURES IN THE BUREAU OF ORDNANCE, AT NAVAL ORDNANCE ESTABLISHMENTS AND INSOFAR AS ORDNANCE FUNDS ARE CONCERNED, AT OTHER STATIONS.</p> <p>ACTS AS CONSULTANT AND ADVISOR, WHILE CONDUCTING INTERNAL AUDITS AND SURVEYS TO KEY PERSONNEL (MILITARY AND CIVILIAN), ON FISCAL MATTERS.</p> <p>DEVELOPS, ESTABLISHES AND IMPLEMENTS METHODS OF PREPARING STATION BUDGETS AND ACTS AS ADVISOR TO KEY FIELD PERSONNEL CONCERNING SUBMISSION OF THE BUDGETS TO THE BUREAU OF ORDNANCE.</p> <p>ACTS AS SPECIAL ADVISOR ON FIELD FISCAL PROBLEMS TO COMPTROLLER OF THE BUREAU OF ORDNANCE AND TO PERSONNEL IN OTHER DIVISIONS OF THE BUREAU.</p> <p>DEVELOPS, AND DIRECTS INSTALLATION OF COMMERCIAL-TYPE FINANCIAL PROCEEDURES AT FIELD STATIONS.</p> <p>PREPARES MANUALS, HANDBOOKS AND OTHER DIRECTIVES PERTAINING TO FIELD ACCOUNTING PROCEEDURES.</p> <p>DESIGNS REGULAR AND SPECIAL FINANCIAL REPORTS FOR USE AT FIELD STATIONS AND IN THE BUREAU OF ORDNANCE.</p> <p>ANALYZES FINANCIAL STATEMENTS SUBMITTED BY ORDNANCE ESTABLISHMENTS, INCLUDING THOSE OPERATING UNDER COMMERCIAL-TYPE FINANCING PROCEEDURES.</p> <p>DEVELOPS AND DEVELOPS COST ACCOUNTING PROCEEDURES AND DIRECTS INSTALLATION THEREOF AT ORDNANCE ESTABLISHMENTS.</p> <p>DESIGNS AND DIRECTS INSTALLATION OF FISCAL PROCEDURES USED WITHIN DIVISIONS OF THE BUREAU OF ORDNANCE.</p> <p>REVIEWS ORGANIZATION AND OPERATION OF FISCAL DEPARTMENTS AT FIELD STATIONS.</p> <p>PERFORMS SPECIAL STUDIES AND ANALYSIS OF BUREAU AND FIELD LEVEL FINANCIAL PROBLEMS.</p> <p>ENSURES THAT FISCAL SYSTEMS ARE SO DESIGNED AS TO PROVIDE DIRECT AND POSITIVE SUPPORT OF THE BUREAU'S BUDGET PLANNING.</p> <p>MAINTAINS LIAISON ON FINANCIAL MATTERS WITH PERSONNEL (MILITARY AND CIVILIAN) AT NAVY COMPTROLLER LEVEL, AS WELL AS INTRA-BUREAU AND INTER-BUREAU.</p>	

ADMINISTRATION AND ACCOUNTING BRANCH	
BRANCH HEAD	CODE Fi2 See Chart No. 33B2
<p>MAINTAINS, FOR ALL FUNDS UNDER THE CONTROL OF THE BUREAU OF ORDNANCE, THE OFFICIAL APPROPRIATION, OBLIGATION, EXPENDITURE AND COST ACCOUNTS.</p> <p>MAINTAINS APPROPRIATE ACCOUNTS TO PROVIDE ADEQUATE MANAGEMENT CONTROL OF FUNDS.</p> <p>REVIEWS ACTS OF THE BUREAU AND PROPOSED ACTS FOR COMPLIANCE WITH LEGAL, EXECUTIVE AND DEPARTMENTAL REQUIREMENTS REGARDING THE ACCOUNTING, OBLIGATING AND EXPENDITURE OF FUNDS.</p> <p>DEVELOPS AND PRESCRIBES PROCEDURES FOR ISSUANCE OF PROJECT ORDERS AND ALLOTMENTS.</p> <p>ISSUES PROJECT ORDERS AND ALLOTMENTS TO FIELD ACTIVITIES AND REVIEWS BUREAU PROCUREMENT DOCUMENTS FOR COMPLIANCE WITH ACCOUNTING AND FISCAL POLICIES AND LEGAL LIMITATIONS.</p> <p>IS RESPONSIBLE FOR THE FINANCIAL ADMINISTRATION OF BUREAU CONTRACTS.</p> <p>PERFORMS INTERNAL AUDITS AND SPECIAL DEPARTMENTAL AUDITS AS REQUIRED.</p> <p>PREPARES SPECIAL REPORTS AS REQUIRED BY AUTHORITIES OUTSIDE OF THE BUREAU.</p> <p>ISSUES STATEMENTS INDICATING THE BUREAU'S FINANCIAL POSITION.</p> <p>RECORDS ORDNANCE CONSTRUCTION COSTS OF SHIPS.</p> <p>REVIEWS THE RATE OF OBLIGATION OF APPROPRIATIONS TO INSURE UTILIZATION OF APPORTIONMENTS.</p>	

BUDGET AND ESTIMATES BRANCH	
BRANCH HEAD	CODE Fi3 See Chart No. 33B3
<p>REVIEWS, ANALYZES AND APPROVES RAW DATA FOR INCLUSION IN BUDGET ESTIMATES FOR ANNUAL AND CONTINUING FISCAL PROGRAMS; CO-ORDINATES AND PRESCRIBES THE BUREAU'S ACTIVITIES IN THE COLLECTION, FORMAT AND PRESENTATION OF BUDGET DATA.</p> <p>MAKES POLICY RECOMMENDATIONS ON BUDGETARY MATTERS TO THE BUREAU COMPTROLLER. RECOMMENDS APPORTIONMENT AND DISTRIBUTION OF ALL FUNDS MADE AVAILABLE TO THE BUREAU.</p> <p>REVIEWS DIVISION ESTIMATES AND JUSTIFICATION TO INSURE COMPLIANCE WITH POLICY AND PLANNING OBJECTIVES OF THE BUREAU, THE NAVY DEPARTMENT AND THE DEFENSE BUDGET ADVISORY COMMITTEE.</p> <p>REVIEWS, ANALYZES AND CO-ORDINATES SUPPORTING SCHEDULES AND DATA PREPARED BY RESPONSIBLE DIVISIONS FOR USE BY BUDGET WITNESSES IN PRESENTING THE BUREAU'S BUDGET TO VARIOUS LEVELS OF REVIEW.</p> <p>MAINTAINS BUDGETARY CONTROLS OVER APPORTIONMENTS, FISCAL PROGRAMS, AND APPROPRIATION LIMITATIONS FOR ALL APPROPRIATIONS AND SPECIAL FUND ACCOUNTS.</p> <p>MAINTAINS LIAISON WITH THE OFFICE OF THE NAVY COMPTROLLER, OFFICE OF THE SECRETARY OF DEFENSE AND THE BUREAU OF THE BUDGET.</p>	

INTER-AGENCY OPERATIONS BRANCH	
BRANCH HEAD	CODE Fi4 See Chart No. 33B4
<p>DEVELOPS, DEVELOPS AND ESTABLISHES NEW AND REVISED FISCAL PROCEDURES PERTAINING TO FINANCIAL TRANSACTIONS WITH AGENCIES OUTSIDE THE BUREAU.</p> <p>DEVELOPS AND IMPLEMENTS FINANCIAL REPORTING CONTROLS FOR THE ADMINISTRATION OF OTHER AGENCIES' FUNDS AT SHORE ESTABLISHMENTS AND THE REPORTING THEREOF FOR MANAGEMENT AND BUDGETARY PURPOSES.</p> <p>ACTS AS SPECIAL ADVISOR TO THE COMPTROLLER AND OTHER KEY PERSONNEL OF THE BUREAU ON MATTERS PERTAINING TO INTER-AGENCY FUNDING OPERATIONS.</p> <p>RECOMMENDS AND ADVISES ON POLICY TO BE ESTABLISHED BY THE BUREAU IN CONNECTION WITH FINANCIAL ARRANGEMENTS CONSUMMATED WITH OTHER AGENCIES.</p> <p>DESIGNS FINANCIAL SCHEDULES SUCH AS STATUS REPORTS AND REIMBURSEMENT REPORTS PERTAINING TO FINANCIAL TRANSACTIONS WITH AGENCIES OUTSIDE THE BUREAU FOR USE BY THE BUREAU AND OTHER AGENCIES.</p> <p>DEVELOPS ACCOUNTING INSTRUCTIONS FOR BUREAU AND FIELD USE IN CONNECTION WITH THE IMPLEMENTATION OF INTER-AGENCY ORDERING PROCEEDURES.</p> <p>MAINTAINS APPROPRIATE ACCOUNTS TO PROVIDE ADEQUATE MANAGEMENT CONTROL OF OTHER AGENCIES' FUNDS.</p> <p>DEVELOPS AND DEVELOPS METHODS TO EFFECT REIMBURSEMENT OR PAYMENT OF FUNDS THROUGH THE SALE OF MATERIAL OR SERVICES BY THE BUREAU.</p> <p>CO-ORDINATES FINANCIAL PRACTICE WITHIN THE BUREAU IN CONNECTION WITH INTER-AGENCY ORDERS AND FUNDING.</p> <p>MAINTAINS LIAISON ON INTER-AGENCY FINANCIAL OPERATIONS WITH OFFICE OF NAVY COMPTROLLER, OFFICE OF ARMY COMPTROLLER, OFFICE OF AIR FORCE COMPTROLLER, AND OFFICES OF COMPTROLLERS OF OTHER AGENCIES.</p>	

DATE: 27 AUGUST 1953

APPROVED:

M. F. Schaffel
(Chief of Bureau)

BUREAU OF ORDNANCE

FINANCIAL DIVISION

CHART NO. 33B

PUBLIC LAW 110, 348, 1966

<u>APPROPRIATIONS</u>	<u>TYPE OF APPROPRIATIONS</u>	<u>AMOUNT</u>
PREPARATION FOR SALE AND) SALVAGE OF MILITARY PROPERTY, NAVY	SPECIAL ACCOUNT	\$ 5,000,000

BY FAR THE MAJOR APPROPRIATION ADMINISTERED BY THE BUREAU OF ORDNANCE IS ORDNANCE AND FACILITIES, NAVY. ALTHOUGH \$804,000,000 WAS APPROPRIATED FOR FISCAL YEAR 1954, THERE WILL ACTUALLY BE AVAILABLE FOR OBLIGATION APPROXIMATELY \$868,578,000. THIS IS DUE TO ANTICIPATED REIMBURSEMENTS OF ABOUT \$59,706,000 PLUS TRANSFER OF ABOUT \$4,872,000. MOST OF THE REIMBURSEMENTS WILL BE CREDITED FROM MUTUAL DEFENSE ASSISTANCE PREPAREDNESS PROGRAM FOR ORDNANCE MATERIALS TRANSFERRED TO FOREIGN NATIONS UNDER THIS PROGRAM. THE TOTAL OBLIGATIONS UNDER ORDNANCE AND FACILITIES, NAVY WERE \$1,333,326,000 FOR FISCAL YEAR 1952 AND THE ESTIMATED OBLIGATIONS FOR FISCAL YEAR 1953 WERE \$797,207,800.

THE APPROPRIATION, ORDNANCE AND FACILITIES, NAVY 1954, IS BROKEN DOWN INTO EIGHT MAJOR PROGRAM ACTIVITIES FOR BUDGET FORMULATION AND EXECUTION AS FOLLOWS:⁵

1. PROCUREMENT OF ORDNANCE AND AMMUNITION (\$501,741,000. - 61.3% OF TOTAL). THESE FUNDS ARE FOR PROCUREMENT OF ORDNANCE AND AMMUNITION TO SUPPORT THE OBJECTIVES OF THE DEFENSE PROGRAM IN FISCAL YEAR

⁵ BUREAU OF ORDNANCE, BUDGET FOR FISCAL YEAR 1954, APPROPRIATION TITLE, ORDNANCE AND FACILITIES, NAVY.

APPROPRIATIONS	TYPE OF APPROPRIATIONS	AMOUNT
PREPARATION FOR SALE AND SPECIAL ACCOUNT		5,000,000
SAVINGS OF MILITARY		
PROPERTY, NAVY		

BY FAR THE MAJOR APPROPRIATION ADMINISTERED BY THE

BUREAU OF ORDNANCE IS ORDNANCE AND FACILITIES, NAVY. AL

THOUGH \$504,000,000 WAS APPROPRIATED FOR FISCAL YEAR 1954

THERE WILL ACTUALLY BE AVAILABLE FOR ORDNANCE APPROPRIATIONS

LY \$885,577,000. THIS IS DUE TO ANTICIPATED REIMBURSEMENTS

OF ABOUT \$52,702,000 PLUS TRANSFER OF ABOUT \$4,823,000.

MOST OF THE REIMBURSEMENTS WILL BE CREDITED FROM MUTUAL

DEFENSE ASSISTANCE REPAIR PROGRAM FOR ORDNANCE MAT

TERIALS TRANSFERRED TO FOREIGN NATIONS UNDER THIS PROGRAM.

THE TOTAL OBLIGATIONS UNDER ORDNANCE AND FACILITIES, NAVY

WERE \$1,333,336,000 FOR FISCAL YEAR 1953 AND THE ESTIMATED

OBLIGATIONS FOR FISCAL YEAR 1954 WERE \$707,207,000.

THE APPROPRIATION, ORDNANCE AND FACILITIES, NAVY

1954, IS BROKEN DOWN INTO EIGHT MAJOR PROGRAM ACTIVITIES

FOR BUDGET FORMULATION AND EXECUTION AS FOLLOWS:

1. PROCUREMENT OF ORDNANCE AND AMMUNITION (\$501,441,000 - 61.3% OF TOTAL). THESE FUNDS ARE FOR PROCUREMENT OF ORDNANCE AND AMMUNITION TO SUPPORT THE OBJECTIVES OF THE DEFENSE PROGRAM IN FISCAL YEAR

BUREAU OF ORDNANCE, DEPT. OF ARMY, FISCAL YEAR 1954
APPROPRIATION TITLE, ORDNANCE AND FACILITIES, NAVY.

1954, INCLUDING SUPPORT TO THE OPERATIONAL REQUIREMENTS OF THE APPROVED NAVAL FORCES AND, IN GENERAL, A STATUS OF READINESS TO FULFILL MOBILIZATION REQUIREMENTS.

2. MAINTENANCE OF ORDNANCE AND AMMUNITION (\$91,271,000. - 11.2% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND IMPROVEMENT OF ORDNANCE AND AMMUNITION NECESSARY TO OBTAIN THE REQUIRED DEGREE OF MATERIAL READINESS, IN ORDER THAT NAVAL FORCES WILL BE PREPARED TO ENGAGE IN COMBAT OPERATIONS PROMPTLY AND WITH MAXIMUM EFFECTIVENESS.

3. MAINTENANCE AND OPERATION OF FACILITIES (\$51,187,000. - 6.3% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND OPERATION OF THE ORDNANCE SHORE ESTABLISHMENTS IN FISCAL YEAR 1954, INCLUDING COSTS FOR IMPLEMENTATION OF THE FEDERAL CATALOG UTILIZATION PROGRAM.

4. IMPROVEMENTS AND ALTERATIONS TO FACILITIES (\$22,235,000. - 2.7% OF TOTAL). THESE FUNDS ARE FOR IMPROVEMENTS AND ALTERATIONS TO ORDNANCE SHORE FACILITIES IN FISCAL YEAR 1954, INCLUDING PROCUREMENT OF EQUIPMENT TO FILL ALLOWANCES AND TO IMPLEMENT THE BUREAU OF THE BUDGET APPROVED PROGRAM FOR ORDERLY REPLACEMENT OF AVERAGE AND OBSOLETE EQUIPMENT.

5. NAVAL RESERVE (\$1,216,000 - .1% OF TOTAL). THESE FUNDS ARE FOR ORDNANCE REQUIREMENTS FOR THE NAVAL RESERVE PROGRAM.

6. RESEARCH AND DEVELOPMENT (\$126,000,000 - 17.1% OF TOTAL). THESE FUNDS ARE FOR PROJECTS INCLUDED IN THE BUREAU OF ORDNANCE FISCAL YEAR 1954 RESEARCH AND DEVELOPMENT PROGRAM, WHICH ARE INTEGRATED PARTS OF THE OVERALL NAVY TOTAL PROGRAM.

7. INDUSTRIAL MOBILIZATION (\$2,370,000 - .3% OF TOTAL). THESE FUNDS ARE FOR THE INDUSTRIAL MOBILIZATION PROGRAM IN FISCAL YEAR 1954.

8. DEPARTMENTAL ADMINISTRATION (\$7,980,000 - 1.0% OF TOTAL). THESE FUNDS ARE FOR DEPARTMENTAL ADMINISTRATION OF THE BUREAU OF ORDNANCE.

EACH OF THE ABOVE BUDGET ACTIVITIES ARE ADMINISTERED AND ACCOUNTED FOR BY SEPARATE SUBHEADS UNDER THE APPROPRIA-

1954, INCLUDING SUPPORT TO THE OPERATIONAL REQUIREMENTS OF THE APPROVED NAVAL FORCES AND, IN GENERAL, A STATUS OF READINESS TO FULFILL MOBILIZATION REQUIREMENTS.

3. MAINTENANCE OF ORDNANCE AND AMMUNITION (\$21,871,000. - 11.8% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND IMPROVEMENT OF ORDNANCE AND AMMUNITION NECESSARY TO OBTAIN THE REQUIRED DEGREE OF MATERIAL READINESS, IN ORDER THAT NAVAL FORCES WILL BE PREPARED TO ENGAGE IN COMBAT OPERATIONS PROMPTLY AND WITH MAXIMUM EFFECTIVENESS.

3. MAINTENANCE AND OPERATION OF FACILITIES (\$21,187,000. - 8.3% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND OPERATION OF THE ORDNANCE SHORE ESTABLISHMENTS IN FISCAL YEAR 1954, INCLUDING COSTS FOR IMPLEMENTATION OF THE FEDERAL CATALOG UTILIZATION PROGRAM.

4. IMPROVEMENTS AND ALTERATIONS TO FACILITIES (\$22,232,000. - 8.7% OF TOTAL). THESE FUNDS ARE FOR IMPROVEMENTS AND ALTERATIONS TO ORDNANCE SHORE FACILITIES IN FISCAL YEAR 1954, INCLUDING PROCUREMENT OF EQUIPMENT TO FILL ALLOWANCES AND TO REPLACEMENT THE BUREAU OF THE BUDGET APPROVED PROGRAM FOR ORDINARY REPLACEMENT OF WEAR AND OBSOLETE EQUIPMENT.

5. NAVAL RESERVE (\$1,212,000. - 1% OF TOTAL). THESE FUNDS ARE FOR ORDNANCE REQUIREMENTS FOR THE NAVAL RESERVE PROGRAM.

6. RESEARCH AND DEVELOPMENT (\$120,000,000. - 17.1% OF TOTAL). THESE FUNDS ARE FOR PROJECTS INCLUDED IN THE BUREAU OF ORDNANCE FISCAL YEAR 1954 RESEARCH AND DEVELOPMENT PROGRAM, WHICH ARE INTEGRATED PARTS OF THE OVERALL NAVY TOTAL PROGRAM.

7. INDUSTRIAL MOBILIZATION (\$2,370,000. - 3% OF TOTAL). THESE FUNDS ARE FOR THE INDUSTRIAL MOBILIZATION PROGRAM IN FISCAL YEAR 1954.

8. DEPARTMENTAL ADMINISTRATION (\$7,900,000. - 1.0% OF TOTAL). THESE FUNDS ARE FOR DEPARTMENTAL ADMINISTRATION OF THE BUREAU OF ORDNANCE.

EACH OF THE ABOVE BUDGET ACTIVITIES ARE ADMINISTERED AND ACCOUNTED FOR BY SEPARATE SUBHEADS UNDER THE APPROPRIATION

TION SO THAT ALL OBLIGATIONS AND EXPENDITURES ARE IDENTIFIED AND REPORTED BY THE BUREAU PROGRAM.

THE DIVISION OF THE BUREAU HAVING COGNIZANCE OF THE VARIOUS BUDGET ACTIVITIES AND THE PROGRAMS ASSIGNED ARE AS FOLLOWS:

<u>BUDGET ACTIVITY</u>	<u>SUBHEAD</u>	<u>COGNIZANCE</u>
1. PROCUREMENT OF ORDNANCE AND AMMUNITION	.33	MATERIAL DIVISION
2. MAINTENANCE OF ORDNANCE AND AMMUNITION	.28	MATERIAL DIVISION
3. MAINTENANCE AND OPERATION OF FACILITIES	.11	SHORE ESTABLISHMENTS DIVISION
4. IMPROVEMENTS AND ALTERATIONS TO FACILITIES	.32	SHORE ESTABLISHMENTS DIVISION
5. NAVAL RESERVE	.12	MATERIAL DIVISION
6. RESEARCH AND DEVELOPMENT	.10	RESEARCH AND DEVELOPMENT DIVISION
7. INDUSTRIAL MOBILIZATION	.13	MATERIAL DIVISION
8. DEPARTMENTAL ADMINISTRATION	.15	ADMINISTRATIVE DIVISION

FOR THE ACCOMPLISHMENTS OF PROGRAM OBJECTIVES UNDER THE ORDNANCE AND FACILITIES NAVY APPROPRIATION, THE LARGEST PORTIONS OF THE BUREAU'S FUNDS ARE UNDER THE COGNIZANCE OF THE TWO MAJOR OPERATING DIVISIONS, THE MATERIAL DIVISION AND THE RESEARCH AND DEVELOPMENT DIVISION.

tion so that all obligations and expenditures are identified and reported by the Bureau program.

The Division of the Bureau having cognizance of the various budget activities and the programs assigned are as follows:

Budget Activity	2000	Cognizance
1. Procurement of Ordnance and Ammunition	23.	Material Division
2. Maintenance of Ordnance and Ammunition	25.	Material Division
3. Maintenance and Operation of Facilities	11.	Naval Facilities Division
4. Improvements and Alterations to Facilities	12.	Naval Facilities Division
5. Naval Reserve	13.	Material Division
6. Research and Development	10.	Research and Development Division
7. Industrial Mobilization	14.	Material Division
8. Departmental Administration	15.	Administrative Division

For the accomplishment of program objectives in the Ordnance and Activities Navy Appropriation, the various portions of the Bureau's funds are under the cognizance of the two major operating divisions, the Material Division and the Research and Development Division.

IT IS, THEREFORE, THE RESPONSIBILITY OF THESE DIVISIONS TOGETHER WITH THE PLANNING DIVISION TO DETERMINE IF THE OBJECTIVES OF THE PROGRAM CAN BEST BE ACCOMPLISHED BY BUREAU OF ORDNANCE FIELD ACTIVITIES OR BY CONTRACT WITH INDUSTRY OUTSIDE THE NAVY. IF THE WORK TO BE ACCOMPLISHED IS WITHIN THE CAPACITY OF THE FIELD ACTIVITIES, IN GENERAL, THE BUREAU WILL ASSIGN THE WORK TO A FIELD ACTIVITY CAPABLE OF PERFORMING THE ASSIGNED TASKS. HOWEVER, IN MANY CASES, QUALIFIED AND SUFFICIENT PERSONNEL ARE NOT AVAILABLE, SUCH AS SUFFICIENT ENGINEERS FOR A RESEARCH TASK, OR PRODUCTION FACILITIES OR PERSONNEL ARE INADEQUATE FOR A SPECIALIZED ORDNANCE REQUIREMENT. THEN IT IS NECESSARY TO LET A CONTRACT FOR PERFORMANCE OF THE REQUIRED TASK.

IN THESE CASES THE MATERIAL DIVISION AND THE RESEARCH AND DEVELOPMENT DIVISION MUST DECIDE WHAT TASKS CAN BE HANDLED BY THE FIELD ACTIVITIES AND WHAT TASKS WILL BE ACCOMPLISHED BY CONTRACT.

DURING FISCAL YEAR 1953 APPROXIMATELY 40% OF THE APPROPRIATION ORDNANCE AND FACILITIES, NAVY, WERE GRANTED TO THE BUREAU OF ORDNANCE FIELD ACTIVITIES BY ALLOTMENTS AND PROJECT ORDERS TO ACCOMPLISH TASKS AS DIRECTED BY THE BUREAU. APPROXIMATELY 60% OF THE APPROPRIATION WERE OBLIGATED BY CONTRACTS WITH PRIVATE INDUSTRY, UNIVERSITIES,

It is, therefore, the responsibility of these
divisions together with the Planning Division to determine
if the objectives of the program can best be accomplished
by Bureau of Ordnance field activities or by contract with
industry outside the Navy. In the work to be accomplished
is within the capacity of the field activities, in general
the Bureau will assign the work to a field activity capable
of performing the assigned tasks. However, in many cases
qualified and sufficient personnel are not available, so
as sufficient engineers for a research task, or production
facilities or personnel are inadequate for a specialized
ordnance requirement. Then it is necessary to let a con-
tract for performance of the required task.

In these cases the Material Division and the Design
and Development Division must decide what tasks can be
handled by the field activities and what tasks will be
accomplished by contract.

During fiscal year 1955 approximately 40% of the
appropriation Ordnance and Facilities, Navy, was obligated
to the Bureau of Ordnance field activities by allotments
and direct orders to accomplish tasks as directed by the
Bureau. Approximately 60% of the appropriation was
obligated by contracts with private industry, universities

AND OTHER GOVERNMENT DEPARTMENTS, PRIMARILY FOR PRODUCTION AND RESEARCH-TYPE TASKS.

THEREFORE, THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE ARE AN IMPORTANT ROLE IN HELPING THE BUREAU MEET THE OBJECTIVES OF THE VARIOUS PROGRAMS.

AND OTHER GOVERNMENT DEPARTMENTS, PRIMARILY FOR PROTECTIVE

AND RESEARCH-TYPE TASKS.

THESE, THE FIELD ACTIVITIES UNDER THE MANAGE

MENT CONTROL OF THE BUREAU OF ADVANCE ARE AN IMPORTANT

ROLE IN HELPING THE BUREAU MEET THE OBJECTIVES OF THE

VARIOUS PROGRAMS.

CHAPTER III

FIELD ACTIVITIES OF THE BUREAU OF ORDNANCE

MAGNITUDE AND FINANCIAL INVESTMENT -- THE BUREAU OF ORDNANCE HAS MANAGEMENT CONTROL OF 17 NAVAL AMMUNITION DEPOTS, 4 NAVAL MAGAZINES, 7 NAVAL ORDNANCE PLANTS, 2 NAVAL NET DEPOTS, 8 DEGAUSSING STATIONS, 8 NAVAL RESEARCH ACTIVITIES AND 7 MISCELLANEOUS ORDNANCE ACTIVITIES, AS FOLLOWS: NAVAL GUN FACTORY, WASHINGTON, D.C.; NAVAL POWDER FACTORY, INDIANHEAD, MD.; NAVAL TORPEDO STATION, KEYPORT, WASH.; CENTRAL TORPEDO OFFICE, NEWPORT, R.I.; NAVAL UNDER-WATER ORDNANCE STATION, NEWPORT, R.I.; NAVAL MINE DEPOT, YORKTOWN, VA.; AND THE SKIFFES CREEK ANNEX AT THE NAVAL MINE DEPOT, YORKTOWN, VA.

AT THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SEMINAR ON 26 MARCH 1953, REAR ADMIRAL W.S. PARSONS USN, THEN DEPUTY CHIEF OF BUREAU OF ORDNANCE, STATED THAT THE BUREAU OF ORDNANCE, AMONG AMERICAN INDUSTRY, WOULD RANK SECOND TO THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY IN CAPITALIZATION. THE TREMENDOUS FINANCIAL INVESTMENT IN THE LAND, BUILDINGS AND EQUIPMENT OF THE ORDNANCE SHORE ESTABLISHMENT IS REFLECTED IN THE PLANT ACCOUNT VALUES. THE CLASS I LAND, PLANT ACCOUNT VALUE OF A RECENT REPORT WAS ABOUT \$38,000,000. THE CLASS II, BUILDINGS AND

FIELD ACTIVITIES OF THE BUREAU OF ORDNANCE

MANAGEMENT AND FINANCIAL INVESTMENT -- THE BUREAU

OF ORDNANCE HAS MANAGEMENT CONTROL OF 14 NAVAL AMMUNITION
 DEPOTS, 4 NAVAL MAGAZINES, 7 NAVAL ORDNANCE PLANTS, 2
 NAVAL TEST DEPOTS, 3 DEGAUSSING STATIONS, 3 NAVAL RESEARCH
 ACTIVITIES AND 7 MISCELLANEOUS ORDNANCE ACTIVITIES, AS
 FOLLOWS: NAVAL GUN FACTORY, WASHINGTON, D.C.; NAVAL TORP
 ED FACTORY, INDIANAPOLIS, IN.; NAVAL TORPEDO STATION, LEYBURN
 WASH.; CENTRAL TORPEDO OFFICE, NEWPORT, R.I.; NAVAL GUN
 WATER ORDNANCE STATION, NEWPORT, R.I.; NAVAL BOMB DEPOT,
 YORKTOWN, VA.; AND THE SKIFFS BREEK ANNEX AT THE NAVAL
 THE DEPOT, YORKTOWN, VA.

AT THE ORDNANCE ESTABLISHMENT BUDGET AND REPORT
 SEMINAR ON 26 MARCH 1953, REAR ADMIRAL W.S. PARSONS USN,
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 SECOND TO THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY IN
 CAPITALIZATION. THE TREMENDOUS FINANCIAL INVESTMENT IN
 THE LAND, BUILDINGS AND EQUIPMENT OF THE ORDNANCE SHORE
 ESTABLISHMENT IS REFLECTED IN THE PLANT ACCOUNT VALUES.
 THE CLASS I LAND, PLANT ACCOUNT VALUE OF A RECENT REPORT
 WAS ABOUT \$88,000,000. THE CLASS II, BUILDINGS AND

STRUCTURES, PLANT ACCOUNT VALUE WAS ABOUT \$842,000,000. THE CLASS III, MACHINERY AND EQUIPMENT, PLANT ACCOUNT VALUE WAS ABOUT \$300,000,000. THIS MADE A GRAND TOTAL VALUE OF THE PLANT PROPERTY EQUAL TO SUM OF APPROXIMATELY \$1,180,000,000. THIS PLANT INVENTORY VALUE DOES NOT INCLUDE ORDNANCE MATERIALS WHICH ARE IN STORE FOR ISSUE TO THE FLEET OR MOBILIZATION REQUIREMENTS. THE INVENTORY VALUES OF CONSUMABLE SUPPLIES CARRIED IN NAVY STOCK ACCOUNT ON THE SUPPLY OFFICER'S BOOKS ARE NOT INCLUDED IN THE PLANT PROPERTY TOTALS. IT HAS BEEN ESTIMATED THAT AT PRESENT-DAY PRICES IT WOULD COST ALMOST TWICE THE PRESENT BOOK VALUE TO REPLACE THE PLANT ACCOUNT PROPERTY IN THE NAVAL ESTABLISHMENT. AS A COMPARISON WITH PRIVATE INDUSTRY, ORIGINAL COST OF FIXED ASSETS OF THE CATERPILLAR TRACTOR COMPANY AS OF 31 DECEMBER 1952 AMOUNTED TO APPROXIMATELY \$123,000,000. THE TOTAL SALES OF THE CATERPILLAR TRACTOR COMPANY FOR THE CALENDAR YEAR ENDING 31 DECEMBER 1952 AMOUNTED TO ABOUT \$480,000,000. BASED ON THIS SAME RATIO, 3.9, OF SALES TO FIXED ASSETS, THE BUREAU OF ORDNANCE SHORE ESTABLISHMENTS BY UTILIZING ALL PLANT PROPERTY TO FULL CAPACITY COULD HANDLE APPROXIMATELY TEN TIMES THE SALES VOLUME OF CATERPILLAR TRACTOR COMPANY. THIS

STRUCTURES, PLANT ACCOUNT VALUE WAS ABOUT \$28,000,000.
THE CLASS 11, MACHINERY AND EQUIPMENT, PLANT ACCOUNT
VALUE WAS ABOUT \$30,000,000. THIS MADE A GRAND TOTAL
VALUE OF THE PLANT PROPERTY EQUAL TO SUM OF APPROXIMATELY
\$1,180,000,000. THIS PLANT INVENTORY VALUE DOES NOT
INCLUDE ORDINANCE MATERIALS WHICH ARE IN STORE FOR ISSUE
TO THE FLEET OR MOBILIZATION REQUIREMENTS. THE INVENTORY
VALUES OF CONSUMABLE SUPPLIES CARRIED IN NAVY STOCK ACCOUNT
ON THE SUPPLY OFFICER'S BOOKS ARE NOT INCLUDED IN THE
PLANT PROPERTY TOTALS. IT HAS BEEN ESTIMATED THAT AT
PRESENT-DAY PRICES IT WOULD COST ALMOST TWICE THE PRESENT
BOOK VALUE TO REPLACE THE PLANT ACCOUNT PROPERTY IN THE
NAVAL ESTABLISHMENT. AS A COMPARISON WITH PRIVATE INDUSTRY
ORIGINAL COST OF FIXED ASSETS OF THE CATERPILLAR TRACTOR
COMPANY AS OF 31 DECEMBER 1938 ACCOUNTED TO APPROXIMATELY
\$180,000,000. THE TOTAL SALES OF THE CATERPILLAR TRACTOR
COMPANY FOR THE CALENDAR YEAR ENDING 31 DECEMBER 1938
AMOUNTED TO ABOUT \$450,000,000. BASED ON THIS SAME RATIO
OF SALES TO FIXED ASSETS, THE BUREAU OF ORDINANCE
SHOULD ESTABLISHMENTS BY UTILIZING ALL PLANT PROPERTY TO
FULL CAPACITY COULD HANDLE APPROXIMATELY TEN TIMES THE
SALES VOLUME OF CATERPILLAR TRACTOR COMPANY. THIS

ASSUMPTION IS PURELY THEORETICAL BUT IT GIVES SOME IDEA OF THE POTENTIAL PRODUCTIVE CAPACITY OF THE BUREAU OF ORDNANCE SHORE ESTABLISHMENT.

TYPES OF BUREAU OF ORDNANCE ACTIVITIES -- THERE ARE 17 NAVAL AMMUNITION DEPOTS UNDER BUREAU OF ORDNANCE MANAGEMENT CONTROL. THE FUNCTIONS OF THESE DEPOTS ARE TO RECEIVE, STORE, SEGREGATE, RECONDITION, MODIFY, LOAD, ASSEMBLE, TEST, MAINTAIN UNDER PROPER SURVEILLANCE AND ISSUE ALL TYPES OF AMMUNITION, EXPLOSIVE AND COMPONENTS, AND TO DISPOSE OF UNSERVICEABLE OR DANGEROUS AMMUNITION. THE DEPOTS ON THE EAST AND WEST COAST AND AT OAHU, TERRITORY OF HAWAII, SERVE AS STORAGE AND SUPPLY STATIONS FOR SHIPS OF THE FLEET IN THEIR RESPECTIVE AREAS AND AS COASTAL DEPOTS, AND SERVE ALSO AS AMMUNITION OUTLOADING POINTS. IT IS ESTIMATED THAT THE TOTAL AREA OF AMMUNITION DEPOTS IS APPROXIMATELY 600 SQUARE MILES. MOST OF THE NAVAL AMMUNITION DEPOTS ARE CLASSIFIED AS MODIFIED INDUSTRIAL ACTIVITIES FOR ACCOUNTING PURPOSES.

THERE ARE EIGHT NAVAL ORDNANCE PLANTS UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE. THE FUNCTIONS OF NAVAL ORDNANCE PLANTS ARE TO DEVELOP, DESIGN, MANUFACTURE, ALTER, MODIFY AND RECONDITION GUNS, MOUNTS, FIRE

ASSUMPTION IS PURELY THEORETICAL BUT IT GIVES SOME IDEA
OF THE POTENTIAL PRODUCTIVE CAPACITY OF THE BUREAU OF
ORDNANCE SHOPS ESTABLISHMENT.

TYPE OF BUREAU OF ORDNANCE ACTIVITIES --

IV. NAVAL AMMUNITION DEPOTS UNDER BUREAU OF ORDNANCE MAN-
AGEMENT CONTROL. THE FUNCTIONS OF THESE DEPOTS ARE TO
RECEIVE, STORE, SEGREGATE, RECONCILIATION, MOULDER, BOND,
ASSEMBLE, TEST, MAINTAIN UNDER PROPER SUPERVISANCE AND
ISSUE ALL TYPES OF AMMUNITION, EXPLOSIVE AND COMPONENTS,
AND TO DISPOSE OF UNSERVICEABLE OR DANGEROUS AMMUNITION.
THE DEPOTS ON THE EAST AND WEST COAST AND AT CANAL ZONE
OF HAWAII, SERVE AS STORAGE AND SUPPLY STATIONS FOR SHIPS
OF THE FLEET IN THEIR RESPECTIVE AREAS AND AS COASTAL
DEPOTS, AND SERVE ALSO AS AMMUNITION OUTLOADING POINTS.
IT IS ESTIMATED THAT THE TOTAL AREA OF AMMUNITION DEPOTS
IS APPROXIMATELY 300 SQUARE MILES. MOST OF THE NAVAL
AMMUNITION DEPOTS ARE CLASSIFIED AS MODIFIED INDUSTRIAL
ACTIVITIES FOR ACCOUNTING PURPOSES.

THERE ARE EIGHT NAVAL ORDNANCE PLANTS UNDER THE
MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE. THE PLANTS
OF NAVAL ORDNANCE PLANTS ARE TO DEVELOP, DESIGN, MANUFACTURE,
TEST, ASSEMBLE, MOULDER AND RECONCILIATION GUNS, MOUNTS, FIRE

CONTROL EQUIPMENT, ROCKET AND MISSILE LAUNCHERS, TORPEDO TUBES, PROJECTILES, POWER DEVICES, AND AMMUNITION COMPONENTS FOR OTHER SHORE ESTABLISHMENTS AND TO PROVIDE TECHNICAL CONSULTATION SERVICE WITH RELATION TO THE MANUFACTURE AND MAINTENANCE OF GUN MOUNTS AND COMPONENTS TO OTHER STATIONS AND TO PRIVATE INDUSTRY WHEN APPROVED BY THE BUREAU OF ORDNANCE. TWO OF THE ORDNANCE PLANTS ARE CLASSIFIED AS NAVY INDUSTRIAL FUND ACTIVITIES. THESE ARE THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA AND THE NAVAL ORDNANCE PLANT, FOREST PARK, ILL. FIVE NAVAL ORDNANCE PLANTS ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES.

MANY OF THE NAVAL ORDNANCE RESEARCH ACTIVITIES WERE ESTABLISHED DURING WORLD WAR II. WITH THE EXPANSION OF ORDNANCE RESEARCH SINCE THE END OF WORLD WAR II, THESE RESEARCH ACTIVITIES HAVE INCREASED IN SIZE AND SCOPE OF RESEARCH WORK ASSIGNED. THERE ARE SIX MAJOR ORDNANCE RESEARCH ACTIVITIES, SEVERAL SMALLER ACTIVITIES, AND SEVERAL ACTIVITIES WHICH PERFORM ASSIGNED RESEARCH TASKS, ALTHOUGH RESEARCH MAY NOT BE THEIR PRIMARY MISSION. THE FUNCTIONS OF THE NAVAL RESEARCH ACTIVITIES WHOSE PRIMARY MISSION IS RESEARCH WORK ARE TO CONDUCT RESEARCH AND DEVELOPMENT,

CONTROL EQUIPMENT, ROCKET AND MISSILE LAUNCHERS, TORPEDO
TUBES, PROPELLERS, POWER DEVICES, AND AMMUNITION COMPON
ENTS FOR OTHER SHORE ESTABLISHMENTS AND TO PROVIDE TECHN
ICAL CONSULTATION SERVICE WITH REGARD TO THE MANUFACTURE
AND MAINTENANCE OF GUN MOUNTS AND COMPONENTS TO OTHER
STATIONS AND TO PRIVATE INDUSTRY WHEN APPROVED BY THE
BUREAU OF ORDNANCE. TWO OF THE ORDNANCE PLANTS ARE
CLASSIFIED AS NAVY INDUSTRIAL ZONE ACTIVITIES. THESE ARE
THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA AND THE NAVAL
ORDNANCE PLANT, FOREST PARK, ILL. FIVE NAVAL ORDNANCE
PLANTS ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNT
PURPOSES.

NAVY OF THE NAVAL ORDNANCE RESEARCH ACTIVITIES
WERE ESTABLISHED DURING WORLD WAR II. WITH THE EXPANSION
OF ORDNANCE RESEARCH SINCE THE END OF WORLD WAR II, THESE
RESEARCH ACTIVITIES HAVE INCREASED IN SIZE AND SCOPE OF
RESEARCH WORK ASSIGNED. THERE ARE SIX NAVAL ORDNANCE
RESEARCH ACTIVITIES, SEVERAL SMALLER ACTIVITIES, AND SEVERAL
ACTIVITIES WHICH PERFORM ASSIGNED RESEARCH TASKS, ALTHOUGH
RESEARCH MAY NOT BE THEIR PRIMARY MISSION. THE FUNCTIONS
OF THE NAVAL RESEARCH ACTIVITIES WHOSE PRIMARY MISSION
IS RESEARCH WORK ARE TO CONDUCT RESEARCH AND DEVELOPMENT

DESIGN, PROOF, AND TEST OF ORDNANCE MATERIALS, COMPONENTS, ASSEMBLIES AND SYSTEMS; PROVIDE TECHNICAL EVALUATION OF NEW ORDNANCE DEVELOPMENTS PRIOR TO QUANTITY PRODUCTION; SET UP PRE-PRODUCTION FACILITIES AND PRODUCE PILOT LOTS OF SPECIFIED ORDNANCE MATERIALS; MAINTAIN AND OPERATE SUCH LABORATORIES, RANGES, LAUNCHERS AND INSTRUMENTATION AS ARE NECESSARY FOR THE ACCOMPLISHMENT OF ASSIGNED TASKS; CONDUCT BASIC TRAINING IN THE MAINTENANCE AND USE OF NEW ORDNANCE EQUIPMENT; AND PREPARE AND DISTRIBUTE INSTRUCTIONS, REPORTS, STANDARDS, DRAWINGS AND PUBLICATIONS. ALL OF THE MAJOR RESEARCH ACTIVITIES ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. THE SMALLER RESEARCH UNITS ARE CLASSIFIED AS NON-INDUSTRIAL.

THE FUNCTIONS OF THE FOUR NAVAL MAGAZINES ARE TO MAINTAIN BASIC STOCKS OF AMMUNITION, TO RECEIVE AND ISSUE AMMUNITION FOR THE OPERATING FORCES, TO RECONDITION CERTAIN TYPES OF AMMUNITION TO PROVIDE EXTERIOR MAINTENANCE FOR ALL TYPES OF AMMUNITION AND TO DISPOSE OF UNSERVICEABLE OR DANGEROUS AMMUNITION. THE NAVAL MAGAZINE, PORT CHICAGO IS CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. ALL OTHER NAVAL MAGAZINES ARE CLASSIFIED AS NON-INDUSTRIAL.

DESIGN, PROOF, AND TEST OF ORDNANCE MATERIALS, COMPONENTS, ASSEMBLIES AND SYSTEMS; PROVIDE TECHNICAL EVALUATION OF NEW ORDNANCE DEVELOPMENTS PRIOR TO QUANTITY PRODUCTION; SET UP PRE-PRODUCTION FACILITIES AND PRODUCE PILOT LOTS OF SPECIFIED ORDNANCE MATERIALS; MAINTAIN AND OPERATE SUCH LABORATORIES, MANAGER, LAUNCHERS AND INSTRUMENTATION AS ARE NECESSARY FOR THE ACCOMPLISHMENT OF ASSIGNED TASKS; CONDUCT BASIC TRAINING IN THE MAINTENANCE AND USE OF NEW ORDNANCE EQUIPMENT; AND PREPARE AND DISTRIBUTE INSTRUCTIONS, REPORTS, STANDARDS, DRAWINGS AND PUBLICATIONS. ALL OF THE MAJOR RESEARCH ACTIVITIES ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. THE SMALLER RESEARCH UNITS ARE CLASSIFIED AS NON-INDUSTRIAL.

THE FUNCTIONS OF THE FOUR NAVAL MAGAZINES ARE TO MAINTAIN BASIC STOCKS OF AMMUNITION, TO RECEIVE AND ISSUE AMMUNITION FOR THE OPERATING FORCES, TO RECONSTITUTE LOST TYPES OF AMMUNITION TO PROVIDE EXTENSION MAINTENANCE FOR TYPES OF AMMUNITION AND TO DISPOSE OF UNSERVICEABLE OR DANGEROUS AMMUNITION. THE NAVAL MAGAZINE, FORT CHICAGO IS CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. ALL OTHER NAVAL MAGAZINES ARE CLASSIFIED AS NON-INDUSTRIAL.

THE NAVAL NET DEPOTS AND NAVAL DEGAUSSING STATIONS ARE MUCH SMALLER ACTIVITIES THAN THE FOUR MAJOR TYPES. NET DEPOTS RECONDITION, ASSEMBLE, MAINTAIN, STORE AND ISSUE NET AND BOOM MATERIAL. NAVAL DEGAUSSING STATIONS MAINTAIN AND OPERATE DEGAUSSING RANGE FACILITIES TO PROVIDE RANGING SERVICES, AND DEPERMING FACILITIES TO PROVIDE DEPERMING AND FLASHING SERVICES FOR ALL CLASSES OF NAVY AND MERCHANT SHIPS. DEGAUSSING IS THE PROCESS OF REDUCTION OF THE NET MAGNETIC FIELD OF A VESSEL TO RENDER IT SAFER AGAINST MAGNETIC INFLUENCE MINES. DEPERMING IS THE PROCESS OF STANDARDIZING THE MAGNETIZATION OF SHIPS. FLASHING IS THE MAGNETIC TREATMENT OF SHIPS NOT EQUIPPED WITH DEGAUSSING COILS. THE NET DEPOTS AND DEGAUSSING STATIONS ARE CLASSIFIED AS NON-INDUSTRIAL ACTIVITIES FOR ACCOUNTING PURPOSES. ALTHOUGH SEPARATE ALLOTMENTS ARE GRANTED FOR THE MAINTENANCE AND OPERATION OF THESE ACTIVITIES, USUALLY THE ACCOUNTING FOR THESE ACTIVITIES IS PERFORMED BY A LARGE PARENT ACTIVITY WHICH PROVIDES ACCOUNTING AND LOGISTIC SUPPORT.

THERE ARE SEVEN STATIONS OF THE ORDNANCE ESTABLISHMENT WHICH PERFORM FUNCTIONS WHICH ARE EITHER PECULIAR TO EACH INDIVIDUAL STATION OR ARE SO VARIED AS TO PRECLUDE INCLUSION UNDER ANY OF THE GENERAL TYPES. THESE STATIONS

THE NAVAL SET DEPOTS AND NAVAL DEGAUSSING STATIONS
ARE MUCH SMALLER ACTIVITIES THAN THE FOUR MAJOR TYPES.
SET DEPOTS RECONSTRUCTION, ASSEMBLY, MAINTAIN, STORE AND
ISSUE SET AND ROOM MATERIAL. NAVAL DEGAUSSING STATIONS
MAINTAIN AND OPERATE DEGAUSSING RANGE FACILITIES TO PROVIDE
RANGING SERVICES, AND DEPARTING FACILITIES TO PROVIDE
DEPARTING AND LANDING SERVICES FOR ALL CLASSES OF NAVY
AND MERCHANT SHIPS. DEGAUSSING IS THE PROCESS OF REDUCING
ON THE SET MAGNETIC FIELD OF A VESSEL TO RENDER IT SAFER
AGAINST MAGNETIC INFLUENCE MINES. DEPARTING IS THE PROCESS
OF STANDARDIZING THE MAGNETIZATION OF SHIPS. LANDING IS
THE MAGNETIC TREATMENT OF SHIPS NOT EQUIPPED WITH DEGAUSSING
COILS. THE SET DEPOTS AND DEGAUSSING STATIONS ARE CLASSIFIED
AS NON-INDUSTRIAL ACTIVITIES FOR ACCOUNTING PURPOSES.
ALTHOUGH SEPARATE ALLOCATIONS ARE GRANTED FOR THE MAINTENANCE
AND OPERATION OF THESE ACTIVITIES, USUALLY THE ACCOUNTING
FOR THESE ACTIVITIES IS PERFORMED BY A LARGE PARENT
ACTIVITY WHICH PROVIDES ACCOUNTING AND LOGISTIC SUPPORT.
THERE ARE SEVEN STATIONS OF THE ORDNANCE ESTABLISHMENT
WHICH PERFORM FUNCTIONS WHICH ARE EITHER ESSENTIAL TO
EACH INDIVIDUAL STATION OR ARE SO RELATED AS TO PRECLUDE
INCLUSION UNDER ANY OF THE GENERAL TYPES. THESE STATIONS

ARE THE NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND; THE NAVAL TORPEDO STATION, KEYPORT, WASHINGTON; THE CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND; THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, RHODE ISLAND; THE NAVAL GUN FACTORY, WASHINGTON, D.C.; THE NAVAL MINE DEPOT, YORKTOWN, VIRGINIA; AND THE SKIFFS CREEK ANNEX, U.S. NAVAL MINE DEPOT, YORKTOWN, VIRGINIA.

THE NAVAL GUN FACTORY, WASHINGTON, D.C., IS THE LARGEST OF ALL THE BUREAU OF ORDNANCE FIELD ACTIVITIES AND THE LARGEST INDUSTRIAL ACTIVITY IN THE DISTRICT OF COLUMBIA. THIS STATION PERFORMS MANY FUNCTIONS COMMON TO NAVAL ORDNANCE PLANTS AND, IN ADDITION, OPERATES THE PRINCIPAL NAVAL ORDNANCE GAGE LABORATORY AND ADMINISTERS THE FINAL ACCEPTANCE INSPECTION GAGE PROGRAM; STORES, RANGES, OVERHAULS AND MODIFIES TORPEDOES, AND PERFORMS MANY OTHER MISCELLANEOUS FUNCTIONS AS DIRECTED BY THE BUREAU OF ORDNANCE, INCLUDING LOGISTIC SUPPORT FOR MANY MILITARY ACTIVITIES IN THE WASHINGTON AREA. THE NAVAL GUN FACTORY IS CLASSIFIED AS AN INDUSTRIAL ACTIVITY FOR ACCOUNTING PURPOSES. THE BUREAU IS PLANNING TO INSTALL THE NAVY INDUSTRIAL FUND AT THIS STATION IN THE NEAR FUTURE.

ARE THE NAVAL POWDER FACTORY, INDIAN HARBOR, MALAYA; THE
NAVAL TORPEDO STATION, LEYBORT, WASHINGTON; THE CENTRAL
TORPEDO OFFICE, NEWPORT, RHODE ISLAND; THE NAVAL UNDERSEA
ORDNANCE STATION, NEWPORT, RHODE ISLAND; THE NAVAL GUN
FACTORY, WASHINGTON, D.C.; THE NAVAL AIR DEPOT, FORT MONMOUTH,
NEW JERSEY; AND THE SKIFFS GREEN ANKER, U.S. NAVAL YARD,
PORTSMOUTH, VIRGINIA.

THE NAVAL GUN FACTORY, WASHINGTON, D.C., IS THE
LARGEST OF ALL THE BUREAU OF ORDNANCE FIELD ACTIVITIES AND
THE LARGEST INDUSTRIAL ACTIVITY IN THE DISTRICT OF COLUMBIA.
THIS STATION PERFORMS MANY FUNCTIONS COMMON TO NAVAL GUN
MAGAZINE PLANTS AND, IN ADDITION, OPERATES THE PRINCIPAL
NAVAL ORDNANCE LABORATORY AND ADMINISTERS THE NAVAL
ACCEPTANCE INSPECTION TEST PROGRAM; STORES, RANGES, OVER-
HAULS AND MODIFIES TORPEDOS, AND PERFORMS MANY OTHER RE-
SEARCH AND DEVELOPMENT FUNCTIONS AS DIRECTED BY THE BUREAU OF ORDNANCE.
INCLUDING LOGISTIC SUPPORT FOR MANY MILITARY ACTIVITIES IN
THE WASHINGTON AREA. THE NAVAL GUN FACTORY IS CLASSIFIED
AS AN INDUSTRIAL ACTIVITY FOR ACCOUNTING PURPOSES. THE
BUREAU IS PLANNING TO INSTALL THE NAVY INDUSTRIAL FUND
AT THIS LOCATION IN THE NEAR FUTURE.

THE NAVY INDUSTRIAL FUND WAS INSTALLED AT THE NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND, ON 1 JULY 1953. THE FUNCTIONS OF THIS STATION ARE TO MANUFACTURE, RECON- DITION, TEST, AND CONDUCT RESEARCH AND DEVELOPMENT WITH PROPELLANTS AND HIGH EXPLOSIVES, MANUFACTURE SULPHURIC AND NITRIC ACIDS, AND PERFORM OTHER TASKS IN CONNECTION WITH EXPLOSIVES AS DIRECTED BY THE BUREAU OF ORDNANCE.

THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, RHODE ISLAND, THE NAVAL MINE DEPOT, YORKTOWN, VIRGINIA, AND THE NAVAL TORPEDO STATION, KEYPORT, WASHINGTON, ARE CLASSI- FIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. THE CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND, IS A NON- INDUSTRIAL ACTIVITY. LOGISTIC SUPPORT, INCLUDING ACCOUNTING FOR THE CENTRAL TORPEDO OFFICE IS PROVIDED BY THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT.

IN ADDITION TO PROVIDING FINANCIAL SUPPORT FOR THE STATIONS UNDER ITS MANAGEMENT CONTROL, THE BUREAU ALLOTS FUNDS FOR THE SUPPORT OF ORDNANCE DEPARTMENT TO NAVAL STATIONS.

A COMPLETE LISTING BY TYPES OF THE ACTIVITIES FOR WHICH THE BUREAU PROVIDES BUDGETS AND ALLOCATES FUNDS FOR MAINTENANCE AND OPERATION IS, AS FOLLOWS:

THE NAVY INDUSTRIAL FUND WAS ESTABLISHED AT THE
NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND, ON 1 JULY 1
THE FUNCTIONS OF THIS STATION ARE TO MANUFACTURE, RECO
DITON, TEST, AND CONDUCT RESEARCH AND DEVELOPMENT WITH
PROPELLANTS AND HIGH EXPLOSIVES, MANUFACTURE SULPHURIC
AND NITRIC ACIDS, AND PERFORM OTHER TASKS IN CONNECTION
WITH EXPLOSIVES AS DIRECTED BY THE BUREAU OF ORDNANCE.
THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT,
RHODE ISLAND, THE NAVAL MINE DEPOT, BOSTON, MASSACHUSETTS,
THE NAVAL TORPEDO STATION, KEYPORT, WASHINGTON, ARE CLAS
SIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. THE
CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND, IS A NON-
INDUSTRIAL ACTIVITY. LOGISTIC SUPPORT, INCLUDING ACCOUNT
FOR THE CENTRAL TORPEDO OFFICE IS PROVIDED BY THE NAVAL
UNDERWATER ORDNANCE STATION, NEWPORT.
IN ADDITION TO PROVIDING FINANCIAL SUPPORT FOR
THE STATIONS UNDER ITS MANAGEMENT CONTROL, THE BUREAU
ALLOCS FUNDS FOR THE SUPPORT OF ORDNANCE DEPARTMENT TO
NAVAL STATIONS.
A COMPLETE LISTING BY TYPE OF THE ACTIVITIES FOR
WHICH THE BUREAU PROVIDES FUNDS AND ALLOCATES FUNDS FOR
MAINTENANCE AND OPERATION IS, AS FOLLOWS:

FIELD ACTIVITIES UNDER MANAGEMENT CONTROL OF THE
BUREAU OF ORDNANCE

NAVAL AMMUNITION DEPOTS

BANGOR, WASHINGTON
CHARLESTON, SOUTH CAROLINA
CHARLOTTE, NORTH CAROLINA
CRANE, INDIANA
EARLE, NEW JERSEY
FALLBROOK, CALIFORNIA
FORT MIFFLIN, PENNSYLVANIA
HASTINGS, NEBRASKA
HAWTHORNE, NEVADA
HINGHAM, MASSACHUSETTS
MCALISTER, OKLAHOMA
MARE ISLAND, CALIFORNIA
NEW ORLEANS, LOUISIANA
OAHU, T. H.
SEAL BEACH, CALIFORNIA
ST. JULIENS CREEK, VIRGINIA
SHUMAKER, ARKANSAS
LAKE DENMARK, NEW JERSEY
(STORAGE FACILITY AT NAVAL
AIR ROCKET TEST STATION)

NAVAL MAGAZINES

GUAM, M.I.
KEY WEST, FLORIDA
PORT CHICAGO, CALIFORNIA
THEODORE, ALABAMA

NAVAL ORDNANCE PLANTS

CANTON, OHIO
FOREST PARK, ILLINOIS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY
MACON, GEORGIA
POCATELLO, IDAHO
SOUTH CHARLESTON, W. VIRGINIA
YORK, PENNSYLVANIA

NAVAL NET DEPOTS

MELVILLE, R.I.
TIBURON, CALIFORNIA

NAVAL DEGAUSSING STATIONS

BALBOA, C.Z.
BREMERTON, WASHINGTON
CHARLESTON, SOUTH CAROLINA
GUAM, M.I.
NEW LONDON, CONNECTICUT
NEWPORT, RHODE ISLAND
NORFOLK, VIRGINIA
PEARL HARBOR, T.H.
SAN FRANCISCO, CALIFORNIA
SASEBO, JAPAN
YOKOSUKA, JAPAN

NAVAL RESEARCH ACTIVITIES

NAVAL AVIATION ORDNANCE TEST STATION, CHINCOTEAGUE, VA.
NAVAL ORDNANCE LABORATORY, CORONA, CALIFORNIA
NAVAL PROVING GROUND, DAHLGREN, VIRGINIA
NAVAL ORDNANCE TEST STATION, INYOKERN, CALIFORNIA
NAVAL ORDNANCE UNIT, KEY WEST, FLORIDA
NAVAL ORDNANCE LABORATORY, WHITE OAK, MARYLAND
NAVAL ORDNANCE MISSILE TEST FACILITY, WHITE SANDS, N.M.

LIST OF ACTIVITIES AND ACHIEVEMENTS OF THE
NAVY OF THE UNITED STATES

NAVAL RESEARCH ACTIVITIES

NAVAL RESEARCH ACTIVITIES

NAVY, W. I.
KEY WEST, FLORIDA
PORT CHICAGO, CALIFORNIA
THEODORE, ALABAMA

WASHINGTON
CHANDLER, SOUTH CAROLINA
CHARLOTTE, NORTH CAROLINA
CHAMBERLAIN, INDIANA
CHAMBERLAIN, NEW JERSEY

NAVAL RESEARCH ACTIVITIES

CHANDLER, CALIFORNIA
FORT LINDSEY, KANSAS
KANSAS, KANSAS
KANSAS, KANSAS

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

KANSAS, KANSAS
KANSAS, KANSAS
KANSAS, KANSAS
KANSAS, KANSAS

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

KANSAS, KANSAS
KANSAS, KANSAS
KANSAS, KANSAS
KANSAS, KANSAS

NAVAL RESEARCH ACTIVITIES

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

NAVAL RESEARCH ACTIVITIES

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

NAVAL RESEARCH ACTIVITIES

NAVY, W. I.
KEY WEST, FLORIDA
PORT CHICAGO, CALIFORNIA
THEODORE, ALABAMA
CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY
CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY
CHANDLER, OHIO
FORT LINDSEY, KANSAS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY

MISCELLANEOUS ORDNANCE ACTIVITIES

NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND
NAVAL TORPEDO STATION, KEYPORT, WASHINGTON
CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND
NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, R.I.
NAVAL GUN FACTORY, WASHINGTON, D.C.
NAVAL MINE DEPOT, YORKTOWN, VA.
SKIFFES CREEK ANNEX (NAVAL MINE DEPOT,
YORKTOWN, VA.)
NAVAL ADMINISTRATIVE UNIT, CLARKSVILLE, TENN.

FIELD ACTIVITIES HAVING ORDNANCE DEPARTMENTS OR FACILITIES
FINANCED BY BUREAU OF ORDNANCE

NAVAL STATIONS

ADAK, ALASKA
GUANTANAMO BAY, CUBA
KEY WEST, FLORIDA
RODMAN, CANAL ZONE
ROOSEVELT ROADS, PUERTO RICO
SAN DIEGO, CALIFORNIA
SUBIC BAY, PHILIPPINE IS.

ORDNANCE FACILITIES AT
OVERSEAS BASES

PORT LYAUTEY, FRENCH MOROCCO
SASEMBO, JAPAN
YOKOSUKA, JAPAN

MANAGEMENT OF THE NAVAL ORDNANCE ESTABLISHMENT -

HAVING RESPONSIBILITY FOR SO MANY FIELD ACTIVITIES WITH
DIVERSIFIED MISSIONS REQUIRES CAREFUL MANAGEMENT BY THE
BUREAU OF ORDNANCE TO DETERMINE THAT THE OPERATIONS OF
THESE STATIONS ARE EFFICIENT AND ECONOMICAL IN PROCESSING
ASSIGNED TASKS.

EVERY FIELD ACTIVITY IS ASSIGNED A MISSION WHICH
CLEARLY DEFINES THE BROAD DUTIES, RESPONSIBILITIES AND

DISSEMINATION OF ORDNANCE ACTIVITIES

NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND
 NAVAL TORPEDO STATION, KEYPORT, WASHINGTON
 CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND
 NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, R.I.
 NAVAL GUN FACTORY, WASHINGTON, D.C.
 NAVAL WARE DEPOT, YORKTOWN, VA.
 SKIFFS TRUCK ANCH (NAVAL WARE DEPOT,
 YORKTOWN, VA.)
 NAVAL ADMINISTRATIVE UNIT, CHARLESTON, TENN.

FIELD ACTIVITIES INVOLVING ORDNANCE DEPARTMENTS OR FACILITIES
FINANCED BY BUREAU OF ORDNANCE

<u>ORDNANCE FACILITIES AT</u>	<u>NAVAL STATIONS</u>
<u>CHINA PASS</u>	ALASKA, ALASKA
FORT MYAUTEY, FRENCH HONOR	GUANTANAMO BAY, CUBA
YACEMBO, JAPAN	KEY WEST, FLORIDA
YOKOSUKA, JAPAN	ROSMAN, NAVAL BASE
	ROOSEVELT ROAD, GUAYAMA, P.R.
	SAN DIEGO, CALIFORNIA
	SUBIC BAY, PHILIPPINE IS.

MANAGEMENT OF THE NAVAL ORDNANCE ESTABLISHMENT

HAVING RESPONSIBILITY FOR SO MANY FIELD ACTIVITIES WITH
 DIVERSED MISSIONS REQUIRES CAREFUL MANAGEMENT BY THE
 BUREAU OF ORDNANCE TO DETERMINE THAT THE OPERATIONS OF
 THESE STATIONS ARE EFFICIENT AND ECONOMICAL IN PROCEEDING
 ASSIGNED TASKS.

EVERY FIELD ACTIVITY IS ASSIGNED A MISSION WHICH
 CLEARLY DEFINES THE BROAD DUTIES, RESPONSIBILITIES AND

FUNCTIONS, FUNDS AND PERSONNEL CEILING ARE GRANTED TO THE ACTIVITIES BY THE BUREAU TO CARRY OUT THE ASSIGNED WORK. ALLOTMENTS OR PROJECT ORDERS ARE THE TWO MAIN METHODS OF ALLOCATING FUNDS TO THE FIELD ACTIVITIES. NORMALLY, ALLOTMENT FUNDS MAY BE OBLIGATED ONLY DURING THE FISCAL YEAR IN WHICH GRANTED. EXPENDITURES FOR OBLIGATIONS INCURRED PRIOR TO THE END OF THE FISCAL YEAR MAY BE MADE UNTIL THE END OF THE SECOND FOLLOWING FISCAL YEAR. PROJECT ORDERS ARE AVAILABLE FOR OBLIGATION AND EXPENDITURE DURING THE FISCAL YEAR IN WHICH ISSUED AND FOR THE NEXT TWO FISCAL YEARS.

A PROJECT ORDER MAY BE CONSIDERED THE SAME AS A CONTRACT BETWEEN THE BUREAU AND THE FIELD ACTIVITY TO ACCOMPLISH SPECIFIC WORK FOR A SPECIFIC SUM OF MONEY BY A DEADLINE DATE. THE OVERHAUL OR MODIFICATION OF FIFTY TORPEDO DETONATORS WITHIN A ONE-AND-A-HALF YEAR PERIOD WOULD BE AN EXAMPLE OF WORK ASSIGNED BY A PROJECT ORDER. IN ACCEPTING A PROJECT ORDER, THE COMMANDING OFFICER AFFIXES HIS SIGNATURE ACCEPTING THE TERMS OF THE PROJECT ORDER. ILLUSTRATIONS ON PAGES 29 AND 30 ARE EXAMPLES OF ALLOTMENTS AND PROJECT ORDERS ASSIGNED TO FIELD ACTIVITIES.

FUNCTIONS, FUNDS AND PERSONNEL CEILING ARE GRANTED TO THE ACTIVITIES BY THE BUREAU TO CARRY OUT THE ASSIGNED WORK. ALLOCATIONS OR PROJECT ORDERS ARE THE TWO MAIN METHODS OF ALLOCATING FUNDS TO THE FIELD ACTIVITIES. NORMALLY, ALLOTMENT FUNDS MAY BE OBLIGATED ONLY DURING THE FISCAL YEAR IN WHICH GRANTED. EXPENDITURES FOR OBLIGATIONS INCURRED PRIOR TO THE END OF THE FISCAL YEAR MAY BE MADE UNTIL THE END OF THE SECOND FOLLOWING FISCAL YEAR. PROJECT ORDERS ARE AVAILABLE FOR OBLIGATION AND EXPENDITURE DURING THE FISCAL YEAR IN WHICH ISSUED AND FOR THE NEXT TWO FISCAL YEARS.

A PROJECT ORDER MAY BE CONSIDERED THE SAME AS A CONTRACT BETWEEN THE BUREAU AND THE FIELD ACTIVITY TO ACCOMPLISH SPECIFIC WORK FOR A SPECIFIC SUM OF MONEY BY A DEADLINE DATE. THE OVERHAUL OR MODIFICATION OF FIFTY TORPEDO DETONATORS WITHIN A ONE-AND-A-HALF YEAR PERIOD WOULD BE AN EXAMPLE OF WORK ASSIGNED BY A PROJECT ORDER. IN ACCEPTING A PROJECT ORDER, THE COMMANDING OFFICER AFFIXES HIS SIGNATURE ACCEPTING THE TERMS OF THE PROJECT ORDER. ILLUSTRATIONS ON PAGES 29 AND 30 ARE EXAMPLES OF ALLOCATIONS AND PROJECT ORDERS ASSIGNED TO FIELD ACTIVITIES.

PROJECT ORDER		1. DATE
(See reverse side for instructions in issuing project order)		
ORDERING DEPARTMENT OR COMPONENT		3. PROJECT ORDER NUMBER
Department of the Navy Bureau of Ordnance	ADDRESS Washington 25, D. C.	Fi2a-1 MO'N:91 75801
PERFORMING INSTALLATION		4. AMENDMENT NUMBER
Commanding Officer U. S. Naval Ordnance Plant	ADDRESS Indianapolis, Indiana	STATION NUMBER 163
DELIVERY INSTRUCTIONS		
To be completed by 31 December 1954		DATE METHOD
DESCRIPTION OF WORK TO BE PERFORMED AND OTHER INSTRUCTIONS (If additional space is required, use Supplemental Data Section on reverse side hereof or attach additional sheets)		

For the manufacture and special packaging of twenty (20) Test Units Mark 44 Mod 0, including procurement of materials incidental thereto.

Copy to:
 Ma8a-2 Maf-2 Ma8-1 Ma8b
 Qc Fi2a-1 Fi2

ACCOUNTING CLASSIFICATION					
LOCATION TITLE AND SYMBOL	ALLOTMENT (If applicable)	PROJECT OR EXP. ACCT.	OBJECT	STATION NUMBER	AMOUNT
1741702.33, O&FN 1954	-	52000 62000	-	163	\$30,000
NOTIFY THAT THIS ORDER IS PLACED IN ACCORDANCE WITH THE PROVISIONS OF THE ACTS OF JUNE 5, 1920 AND JULY 1, 1922 (41 USC 23) DEPARTMENT OF DEFENSE PROJECT ORDER REGULATIONS. WORK TO BE PERFORMED AND MATERIAL TO BE PROCURED PURSUANT TO THIS ORDER PROPERLY CHARGEABLE TO THE APPROPRIATION OR OTHER ACCOUNTS INDICATED ABOVE UNTIL <u>30 June 1955</u> , THE EXPIRATION OF THIS PROJECT ORDER. FUNDS IN THE AMOUNT INDICATED ABOVE HAVE BEEN OBLIGATED ON RECORDS OF ORDERING DEPARTMENT.					
TITLE OF AUTHORIZING OFFICER			SIGNATURE		
ABOVE TERMS AND CONDITIONS ARE SATISFACTORY AND ARE ACCEPTED.					
ACCEPTED	NAME AND TITLE OF ACCEPTING OFFICER			SIGNATURE	

INSTRUCTIONS

This form is intended for use by military departments in placing project orders with installations within the Department of Defense.

ITEM 1 - Date of project order or amendment.

ITEM 2 - Name and address of ordering department or component.

ITEM 3 - Number assigned to project order by ordering department or component for control purposes.

ITEM 4 - Number assigned to project order amendment by ordering department or component for control purposes. Formal amendments shall be numbered consecutively.

ITEM 5 - Name, address, and station number of performing installation.

ITEM 6 - Instructions for place, date and method of delivery, if applicable. Where additional space is required for these instructions, use Supplemental Data Section.

ITEM 7 - Full description of the work ordered (*this may be incorporated by reference*) and such other instructions as conditions of inspections; shipping, packing and marking instructions; etc. Use Supplemental Data Section or attach additional sheets, if necessary. Limitations, if any, applicable to the appropriation or other accounts re-

levant to this order are shown in the Supplemental Data Section below.

ITEM 8 - Insert in these spaces the complete accounting classifications chargeable and the amount obligated by the ordering department or component for the work ordered (*the block entitled "allotment" is to be used only when the ordering department is actually citing an allotment account*

ITEM 9 - Insert in the spaces provided, the expiration date of the project order; the name, title and signature of officer, or his authorized representative, controlling or having responsibility for the administration of the funds cited on project order or amendment. If authorizing officer is other than one having fiscal responsibility the ordering department must have on file, as support to the certificate, a written statement such as an officer substantiating the fiscal portion of the certificate.

ITEM 10 - The performing installation shall indicate acceptance in this space. Duplicate, bearing acceptance date, name, title and signature of accepting officer shall be returned to the ordering department or component. If the performing installation is unable to accept the project order, shall return promptly the original project order form to the ordering office with appropriate explanation.

SUPPLEMENTAL DATA SECTION

TO Commander BOSTON NAVAL SHIPYARD BOSTON 29, Massachusetts		ALLOTMENT NO. 14101	
FROM Chief, Bureau of Ordnance		TYPE OF ALLOTMENT <input checked="" type="checkbox"/> NEW <input type="checkbox"/> SUPPLEMENTARY <input type="checkbox"/> AMENDMENT NO. _____	
TITLE OF APPROPRIATION AND SUBHEAD Ordnance & Facilities 1954 S. H. 28		APPRO. & SUBHEAD SYMBOL 1741702.28	
PURPOSE OF ALLOTMENT (Name of Project) Maintenance, Overhaul and Rehabilitation of Equipment in Store		QUARTERLY AUTHORIZATION	AMOUNT OF ALLOTMENT
		(1)	30,000
		(2)	25,000
		(3)	25,000
		(4)	20,000
		TOTAL	100,000
		PREVIOUS TOTAL	
		NEW TOTAL	
		DECREASES ARE SHOWN BY "-"	
OFFICE PERFORMING ALLOTMENT ACCOUNTING (This data must be provided)			
NAME AND MAILING ADDRESS Fiscal Officer Boston Naval Shipyard Boston 29, Massachusetts		ACCOUNTING NO. 111	
IMPORTANT NOTE When allotments are granted for more than one quarter, amounts authorized for other than the current quarter will NOT be taken up until the first day of applicable quarter.			
REFERENCE			
REMARKS			

1. Labor and material expenditures incident to the maintenance, repair, overhaul (when authorized by BuOrd), modernization, and preservation of J cognitive fire control material and associated BuOrd controlled spare parts, tools and accessories and expenditures incidental to receiving, recording, sorting, handling, identifying, storing, packaging, and preparation for shipment.
2. The following expenditure account number is authorized: 69000 series.
3. Unencumbered balances on quarterly authorizations are carried forward and available until expended.
4. Station is requested to report under "Remarks" Column of NAVEXOS 3443 any excess or deficiency in authorization.
5. Obligations and commitments cannot be lodged against this expenditure authorization until receipt of an ALNAV authorizing commitment and obligation of Fiscal Year 1954 appropriated funds.

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J. F. BENSON

DATE 23 June 1953	APPROVED Assistant Director for Planning Material Division
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1. The following information is being furnished to you for your information and guidance. It is based on the information received from the sources mentioned herein and is not intended to be a statement of fact or an expression of opinion. It is for your information only and should not be used for any other purpose.

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Page 10
10
(10)
10-10-10
10

THE BUREAU GRANTS PER DIEM AND PER ANNUM CIVIL SERVICE PERSONNEL CEILING TO THE FIELD ACTIVITY. PROVIDED THAT SUFFICIENT FUNDS ARE AVAILABLE AND THAT CIVIL SERVICE POSITION DESCRIPTIONS HAVE BEEN APPROVED WHERE REQUIRED, THE STATION IS AUTHORIZED TO RECRUIT AND HIRE CIVIL SERVICE EMPLOYEES UP TO THE AUTHORIZED PERSONNEL CEILINGS.

IN MANY BUREAU OF ORDNANCE ACTIVITIES, DUE TO THE TECHNICAL NATURE OF THE WORK, A HIGH PERCENTAGE OF FUNDS IS EXPENDED FOR CIVILIAN LABOR. MATERIALS, UTILITIES AND CONTRACTS FOR OUTSIDE SERVICES ARE THE OTHER MAJOR PURPOSES FOR EXPENDITURE OF FUNDS.

UPON REQUEST OF THE BUREAU OF ORDNANCE, MILITARY PERSONNEL ALLOWANCES FOR OFFICERS AND ENLISTED MEN AT FIELD ACTIVITIES ARE ESTABLISHED BY THE BUREAU OF NAVAL PERSONNEL AFTER APPROVAL BY THE DEPUTY CHIEF OF NAVAL OPERATIONS (PERSONNEL). PAY AND ALLOWANCES FOR MILITARY PERSONNEL ARE PAID FROM THE APPROPRIATION MILITARY PAY, NAVY ADMINISTERED BY THE BUREAU OF NAVAL PERSONNEL. ALTHOUGH THE STATION ALLOTMENTS ARE NOT CHARGED FOR THE PAY, ALLOWANCES AND SUBSISTENCE OF MILITARY PERSONNEL, ALL OTHER PERSONNEL EXPENSES, SUCH AS MAINTENANCE AND UPKEEP OF

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ALLOWANCES AND SUBSISTENCE OF MILITARY PERSONNEL, ALL OTHER
PERSONNEL EXPENSES, SUCH AS MAINTENANCE AND UTILITY OF

BARRACKS, GALLEYS, MESS HALLS, QUARTERS, CHAPELS, AND DISPENSARIES, AND TRAVEL EXPENSES OF MILITARY PERSONNEL, ARE PROPERLY CHARGEABLE TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

HAVING BEEN GRANTED FUNDS, MANPOWER AND FACILITIES, THE COMMANDING OFFICER OF THE ACTIVITY IS RESPONSIBLE TO THE BUREAU FOR COMPLETION OF ASSIGNED TASKS AND CARRYING OUT THE STATION MISSION.

PROGRESS REPORTS, FINANCIAL STATUS REPORTS, WORK MEASUREMENT REPORTS AND MANPOWER REPORTS SUBMITTED BY THE FIELD ACTIVITIES ARE TOOLS UTILIZED BY THE BUREAU IN EXERCISING MANAGEMENT CONTROL. ALSO, VARIOUS INSPECTIONS AND INFORMAL VISITS ARE USED TO EVALUATE PROGRESS BEING MADE, TO DETERMINE EFFICIENCY AND ECONOMY OF OPERATIONS AND TO VERIFY COMPLIANCE WITH EXISTING REGULATIONS.

THE ILLUSTRATION ON PAGE 33 PREPARED BY THE COMPTROLLER OF THE BUREAU OF ORDNANCE SHOWS HOW THE BUREAU EXERCISES MANAGEMENT CONTROL OF THE NAVAL ORDNANCE ESTABLISHMENT BY FUND CONTROLS, INSPECTIONS AND MANPOWER CONTROLS. THE VARIOUS REPORTS RENDERED BY THE STATIONS TO THE BUREAU FOR MANAGEMENT CONTROL ARE VIVIDLY INDICATED ON THE CHART.

PARADES, GALLIES, MESS HALLS, QUARTERS, CHAPELS, AND DISPENSARIES, AND TRAVEL EXPENSES OF MILITARY PERSONNEL, ARE PROBABLY CHARGEABLE TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

HAVING BEEN GRANTED FUNDS, MANPOWER AND FACILITIES THE COMMANDING OFFICER OF THE ACTIVITY IS RESPONSIBLE TO THE BUREAU FOR COMPLETION OF ASSIGNED TASKS AND CARRY OUT THE STATION ALLIANCE.

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THE ILLUSTRATION ON PAGE 52 PREPARED BY THE COMPTROLLER OF THE BUREAU OF ORDNANCE SHOWS HOW THE BUREAU EXERCISES MANAGEMENT CONTROL OF THE ARMY ORDNANCE ESTABLISHMENT BY FUND CONTROLS, INSPECTIONS AND MANPOWER CONTROL. VARIOUS REPORTS RENDERED BY THE STATIONS TO THE BUREAU FOR MANAGEMENT CONTROL ARE VIVIDLY ILLUSTRATED ON THE CHART

MANAGEMENT - NAVAL ORDNANCE ESTABLISHMENT

WORK STATUS		REPORTS	
EXPENSE	REPORTS	EXPENDITURE	AVAIL.
OBLIGATIONS	P	A	J
EXPENDITURES	R	O	A
MAN YEARS	J	E	O
PROGRESS	I	R	T
		D	M
		E	E
		N	S

EXPENDITURE		REPORTS	
COST ACCOUNTS	EXPENSE & REPAIRS	PRODUCTIVE	WORK AGENT
189		PLANTATIONS	OPERANCE
7		MAINTENANCE	REPAIRS
72			
68			

FUND
CONTROL

NAVAL ORDNANCE ESTABLISHMENT.

FUND AUTHORIZATION
WORK LOAD SCHEDULES
CEILING ALLOWANCE

MANAGEMENT
EVALUATION REPORTS

ORDNANCE		ACTIVITIES	
Number	Type	Number	Type
25	AMMUNITION	9	STORAGE & MIST
9	INDUSTRIAL	12	MANUFACTURING
12	RESEARCH & DEVELOPMENT	9	DECAUSING
22	MISCELLANEOUS		

NAVY
BUREAU OF ORDNANCE
NAVY DEPARTMENT
INSPECTOR GENERAL - NAVAL CORPS
INSPECTOR GENERAL - MARINE CORPS
INSPECTOR GENERAL - DISTRICT COMMANDANT (H)
OTHER (13)

INSPECTION

WORK MEASUREMENT		REPORTS	
FUNCTIONAL CORPS	REPORTS	FUNCTIONS	
ADMINISTRATIVE			
SUPPLY & FISCAL			
STORAGE & SUPPORT			
INDUSTRIAL SUPPORT			
INVESTIGATION			
RESEARCH & DEV			
DEVELOPMENT			

PERSONNEL		REPORTS	
SOURCE	PERSONNEL	MONTHLY REPORT	REPORT OF CIVILIAN
MONTHLY REPORT	OF PERSONNEL	REPORT OF CIVILIAN	REQUIREMENTS
REPORT OF CIVILIAN	REQUIREMENTS	REPORT OF CIVILIAN	EMPLOYMENT BY
REPORT OF CIVILIAN	EMPLOYMENT BY	REPORT OF CIVILIAN	APPROPRIATION

MANPOWER
CONTROL



CLASSIFICATION OF FIELD ACTIVITIES FOR ACCOUNTING

PURPOSES -- THE BUREAU OF ORDNANCE IS ONE OF THE FEW BUREAUS OF THE NAVY DEPARTMENT WHICH HAS FIELD ACTIVITIES IN THE FOUR CLASSIFICATIONS FOR ACCOUNTING PURPOSES. THE NAVY COMPTROLLER DESIGNATES THE ACCOUNTING CLASSIFICATION OF FIELD ACTIVITIES IN VOLUME III OF THE NAVY COMPTROLLER MANUAL.

PARAGRAPH 031200 OF THE NAVY COMPTROLLER MANUAL DESCRIBES THESE CLASSIFICATIONS AS FOLLOWS:⁶

<u>TYPE OF ACTIVITY</u>	<u>FINANCING MEDIUM</u>	<u>MAKES OVERHEAD DISTRIBUTION</u>	<u>PREPARES DETAILED COST RE- PORTS</u>
INDUSTRIAL	ANNUAL APPROPRIATION	YES	YES
MODIFIED INDUS- TRIAL	ANNUAL APPROPRIATION	YES	NO
NON-INDUSTRIAL	ANNUAL APPROPRIATION	NO	NO
INDUSTRIAL FUND	NAVY INDUSTRIAL FUND	YES	YES

⁶NAVY COMPTROLLER MANUAL, VOLUME III, APPROPRIATION, COST AND PROPERTY ACCOUNTING (FIELD) PAR 031200.

CLASSIFICATION OF FIELD ACTIVITIES FOR ACCOUNTING PURPOSES

UNLESS -- THE BUREAU OF ORDNANCE IS ONE OF THE FIELD ACTIVITIES OF THE NAVY DEPARTMENT WHICH HAS FIELD ACTIVITIES IN THE FOUR CLASSIFICATIONS FOR ACCOUNTING PURPOSES. THE NAVY COMPTROLLER DESIGNATES THE ACCOUNTING CLASSIFICATION OF FIELD ACTIVITIES IN VOLUME III OF THE NAVY COMPTROLLER ANNUAL.

PARAGRAPH 021200 OF THE NAVY COMPTROLLER ANNUAL

DESCRIBES THESE CLASSIFICATIONS AS FOLLOWS:

Type of Activity	FUNDING METHOD	TAKES		PREPARED
		OVERHEAD	DISTRIBUTION	
Industrial	Annual Appropriation	Yes	Yes	Yes
Industrial	Annual Appropriation	Yes	Yes	Yes
Industrial	Annual Appropriation	No	No	No
Industrial	Annual Appropriation	Yes	Yes	Yes

CHAPTER IV

IMPLEMENTATION OF THE NAVY INDUSTRIAL FUND AT BUREAU OF ORDNANCE ACTIVITIES

NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA - ON AUGUST 1, 1951, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA. THIS WAS ONE OF THE FIRST NAVAL ACTIVITIES TO OPERATE UNDER A WORKING CAPITAL FUND, IN ACCORDANCE WITH THE PROVISION OF SECTION 405 OF PUBLIC LAW 216. THIS STATUTE ESTABLISHED WORKING CAPITAL FUNDS IN THE DEPARTMENT OF DEFENSE FOR THE PURPOSES OF FINANCING INVENTORIES AND FOR PROVIDING WORKING CAPITAL FOR INDUSTRIAL-TYPE ACTIVITIES.

THE NAVY INDUSTRIAL FUND AT YORK OPERATES UNDER A CHARTER AND A CAPITALIZATION OF \$3,500,000, GRANTED BY THE SECRETARY OF DEFENSE, IN ACCORDANCE WITH TITLE IV AMENDMENTS TO NATIONAL SECURITY ACT OF 1947.

AN ILLUSTRATION PORTRAYING THE OPERATIONS UNDER NAVY INDUSTRIAL FUND FINANCING AT YORK IS SHOWN ON PAGE 36. IT IS INTERESTING TO NOTE THAT ALL MANUFACTURING CHARGES, SUCH AS DIRECT LABOR, DIRECT MATERIALS, OVERHEAD EXPENSES AND CONTRACT SERVICES ARE FINANCED BY THE NAVY INDUSTRIAL FUND. UPON COMPLETION OF THE WORK, THE APPROPRIATION UTILIZING THE MATERIAL IS CHARGED FOR THE TOTAL COST AND

UTILIZATION OF THE NAVY INDUSTRIAL FUND AS
AN AID TO MANUFACTURING ACTIVITIES

NAVAL GRANTING PLANT, YORK, PENNSYLVANIA - 1941

August 1, 1941. The Navy Industrial Fund was installed at the Naval Ordnance Plant, York, Pennsylvania. This was

one of the first naval activities to operate under a working capital fund, in accordance with the provision of Section 403 of Public Law 218. This statute establishes

working capital funds in the Department of Defense for the purpose of financing inventories and for providing

working capital for industrial-type activities.

The Navy Industrial Fund at York operates under Chapter 403 and a capitalization of \$5,000,000, granted by the

Secretary of Defense, in accordance with Title 1, Chapter 403 of the National Security Act of 1947.

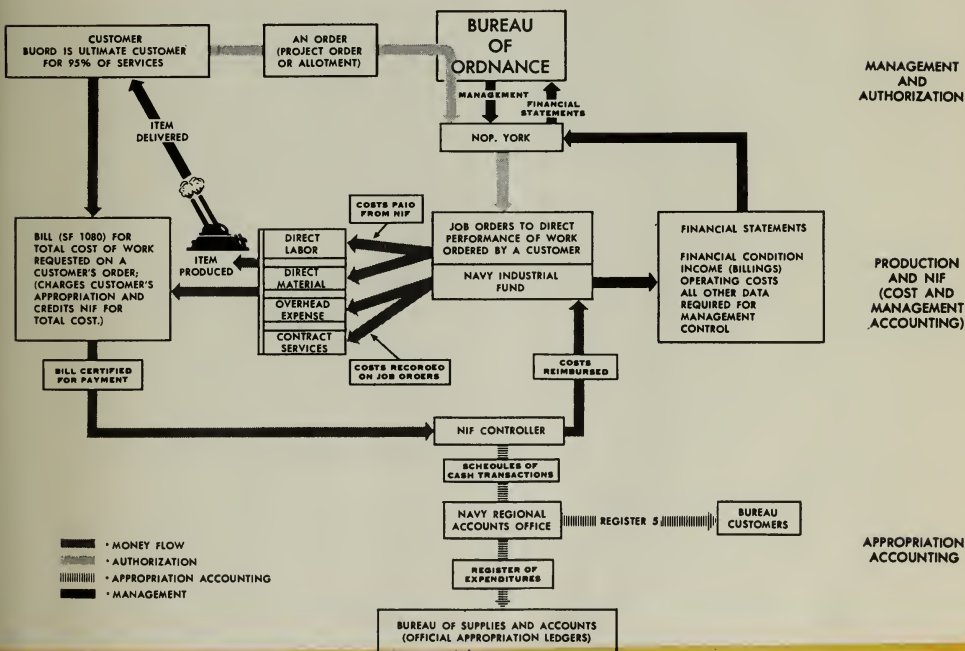
In illustration portraying the operation under the Navy Industrial Fund financing at York is shown on page

17 as interesting to note that all manufacturing charges such as direct labor, direct materials, overhead expenses

and contract services are financed by the Navy Industrial Fund. Upon completion of the work, the appropriation

utilized the material is charged for the total cost and

OPERATIONS UNDER NIF FINANCING



THE NAVY INDUSTRIAL FUND IS CREDITED FOR THE SAME AMOUNT, THUS REPLENISHING THE REVOLVING FUND.

IT IS OBVIOUS THAT THERE ARE MANY ADVANTAGES TO THE BUREAU OF ORDNANCE AND TO THE PLANT MANAGEMENT AT NAVAL ORDNANCE PLANT, YORK, IN HAVING, AS THE FINANCING MEDIUM, THE NAVY INDUSTRIAL FUND. THESE ADVANTAGES ARE LISTED IN AN ARTICLE WRITTEN BY THE DEPUTY COMPTROLLER OF THE BUREAU OF ORDNANCE:⁷

THE MAJOR ADVANTAGES GAINED BY THE HOME OFFICE, I.E. THE BUREAU OF ORDNANCE, IN THIS CASE ARE:

1. THE BUREAU IS ABLE TO EVALUATE AND COMPARE THE OVERHEAD RATES WITH COMPARABLE FUNCTIONS AT OTHER FIELD STATIONS UNDER ITS MANAGEMENT CONTROL. FOR EXAMPLE, A DETERMINATION MAY BE MADE BY THE BUREAU AS TO THE EFFICIENCY AND COST OF OPERATIONS OF INDIVIDUAL OVERHEAD FUNCTIONS.

2. IT WILL BE POSSIBLE, AS THE INSTALLATION OF NAVY INDUSTRIAL FUND SYSTEMS PROGRESSES IN INDUSTRIAL PRODUCTIVE STATIONS UNDER THE MANAGEMENT CONTROL OF THIS BUREAU, TO COMPARE COSTS OF OPERATIONS AND TO DEVELOP COST COMPETITION BETWEEN STATIONS OF A SIMILAR NATURE.

3. THROUGH THE MEDIA OF SIMPLIFIED ACCOUNTING AND REPORTING SYSTEMS, THE COST OF WORK PERFORMED WILL BE TIED IN WITH THE INDIVIDUAL BUDGET PROGRAM AS PRESENTED AND JUSTIFIED BEFORE THE APPROPRIATIONS COMMITTEES OF THE CONGRESS. THE AMOUNT OF WORK PERFORMED WOULD BE DIRECTLY CONTROLLED BY ORDERS PLACED WITHIN THE LIMITS OF MONEY APPROPRIATED FOR SUCH WORK BY BUDGET ALLOCATION.

4. IT WILL BE POSSIBLE TO OBTAIN MORE ACCURATE ESTIMATES OF COSTS OF PLANNED PRODUCTION PRIOR TO PLACING PROJECT ORDERS WITH THE NAVAL ORDNANCE PLANT, YORK.

⁷E. S. TILLEY, "USE OF WORKING CAPITAL FUNDING BY THE NAVY'S BUREAU OF ORDNANCE," THE CONTROLLER, AUGUST 1952, PP. 375, 386.

THE NAVY INDUSTRIAL FUND IS CREDITED FOR THE SAME AMOUNT
THIS REPRESENTS THE REVOLVING FUND.

IT IS OBSERVED THAT THERE ARE MANY ADVANTAGES TO
THE FUND OF INDUSTRIAL AND TO THE FUND MANAGEMENT AT
NAVY INDUSTRIAL FUND, FOR, IN FACT, AS THE FUNDING
MEDIUM, THE NAVY INDUSTRIAL FUND. THESE ADVANTAGES ARE
LISTED IN AN ARTICLE WRITTEN BY THE LIEUTENANT COLONEL
OF THE BUREAU OF CHARGE:

1. THE MAJOR ADVANTAGES GAINED BY THE FUND ARE:
 - 1.1. THE BUREAU OF CHARGE, IN THIS CASE ARE:
 - 1.1.1. THE BUREAU IS ABLE TO EVALUATE AND COM-
THE FUNDING RATE WITH COMPARABLE FUNCTION AT
OTHER FUND STATIONS UNDER ITS MANAGEMENT CONTROL.
FOR EXAMPLE, A DETERMINATION MAY BE MADE BY THE
FUND AS TO THE EFFICIENCY AND COST OF OPERATIONS
OF INDIVIDUAL OPERATING STATIONS.
 - 1.1.2. IT WILL BE POSSIBLE, AS THE INSTALLATION OF
NAVY INDUSTRIAL FUND SYSTEMS PROGRESSES IN INDUSTRIAL
PRODUCTIVE STATIONS UNDER THE MANAGEMENT CONTROL OF
THIS FUND, TO COMPARE COSTS OF OPERATIONS AND TO
DEVELOP COST COMPETITION BETWEEN STATIONS OF A SIMI-
LAR NATURE.
 - 1.1.3. THROUGH THE MEDIA OF SIMPLIFIED ACCOUNTING
AND REPORTING SYSTEMS, THE COST OF WORK PERFORMED
WILL BE TIED IN THE INDIVIDUAL BUDGET PROGRAM
AS MANAGED AND CONTROLLED BY THE BUREAU.
LONG COMMITTEE OF THE BUREAU. THE AMOUNT OF WORK
PERFORMED WOULD BE DIRECTLY CONTROLLED BY COSTS
PLACED WITHIN THE LIMITS OF MONEY APPROPRIATED FOR
SUCH WORK BY BUDGET ALLOCATION.
 - 1.1.4. IT WILL BE POSSIBLE TO OBTAIN THE ACCURATE
ESTIMATES OF COSTS OF PLANNED PRODUCTION PRIOR TO
PLACING PROJECT ORDERS WITH THE FUNDING AGENCY.

1.1.2. THE FUND OF CHARGE, "THE INDUSTRIAL FUNDING BY
THE NAVY'S BUREAU OF CHARGE," THE INDUSTRIAL FUNDING BY
FUND, NO. 270, 1941.

5. THE NAVY INDUSTRIAL FUND IS PROVIDING A MORE EFFECTIVE MEANS FOR CONTROLLING THE COST OF END ITEMS MANUFACTURED AT THE NAVAL ORDNANCE PLANT, YORK, THEREBY SIMPLIFYING AND STRENGTHENING THE FINANCING, ACCOUNTING, AND BUDGET ADMINISTRATION PROCEDURES.

MAJOR ADVANTAGES OF SUCH A FINANCING MEDIUM AS AN INDUSTRIAL FUND TO PLANT MANAGEMENT ARE:

1. PLANT MANAGEMENT AND OPERATING SUPERVISORS ARE BECOMING MORE COST CONSCIOUS, WHICH SHOULD RESULT IN INCREASED ECONOMY AND EFFICIENCY.

2. COMPARISONS OF ACTUAL VERSUS ESTIMATED COSTS ARE MADE AVAILABLE TO SUPERVISORS. ESTIMATED HOURS ALLOWED FOR EACH PROCESS IN THE PRODUCTION OF END PRODUCTS ARE CHECKED AGAINST THE ACTUAL HOURS REQUIRED; THIS INFORMATION IS MADE AVAILABLE TO VARIOUS LEVELS OF MANAGEMENT SO THAT DEFICIENCIES MAY BE CORRECTED. THIS SAME INFORMATION IS MADE AVAILABLE FOR PLANNING AND PRODUCTION METHODS PURPOSES IN ESTIMATING FUTURE PRODUCTION.

3. MONTHLY BUDGETS ARE PREPARED WHICH FORECAST COSTS OF PRODUCTION AND SALES BASED ON DELIVERIES OF COMPLETED END ITEMS. BUDGETS FOR PRODUCTION PRIOR TO INSTALLATION OF THE NAVY INDUSTRIAL FUND WERE BASED ON THE SCHEDULED WORK LOAD AND NOT ON DELIVERIES OF END ITEMS.

4. THE OVERHEAD RATES REMAIN COMPARATIVELY STEADY, WHICH WILL BE AN AID TO INTELLIGENT OPERATIONS PLANNING AND IN THE FURNISHING OF DATA FOR ESTIMATING COSTS OF FUTURE PRODUCTION.

5. STANDARDIZATION OF FUNCTIONS HAS RESULTED IN UNIFORMITY BETWEEN ACCOUNTING AND BUDGET WORK. ESTABLISHMENT OF AN ORGANIZATION FOR THE COMPTROLLER DEPARTMENT HAS MORE CLEARLY ENUNCIATED AND DELINEATED ACCOUNTING AND BUDGETING RESPONSIBILITIES.

6. PROCUREMENT OF MATERIAL FROM VENDORS HAS BEEN FACILITATED UNDER NAVY INDUSTRIAL FUND DUE TO THE CONSOLIDATION OF PURCHASES.

7. THERE HAS BEEN A REDUCTION OF APPROXIMATELY 10% IN THE NUMBER OF JOB ORDERS USED FOR PRODUCTION CONTROL.

8. THE COST CENTER CONCEPT, BY WHICH RELATED PRODUCTIVE COSTS ARE GROUPED, AND WHICH WAS INSTALLED AS A COMPONENT PART OF THE NAVY INDUSTRIAL FUND SYSTEM, PERMITS BUDGETS TO BE PREPARED FOR DIRECT RELATED COSTS BY SOURCE OF CHARGES. PREVIOUSLY, SUCH COSTS WERE BUDGETED FOR BY PLANT DEPARTMENT.

2. THE NAVY INDUSTRIAL BOARD IS PROVIDING A THOROUGH
RESPECTIVE MEANS FOR CONTROLLING THE COST OF THE FIRST
MANUFACTURED AT THE NAVAL ADVANCE PLANT, 1941,
THROUGH SUPPLYING AND DETERMINING THE FINANCIAL
ACCOUNTING, AND BUDGET ADMINISTRATION RECORDS.

MAJOR ADVANTAGES OF SUCH A FINANCING SYSTEM
AS AN INDUSTRIAL BOARD TO PLANT MANAGEMENT ARE:

1. PLANT MANAGEMENT AND OPERATING SUPERVISORS
OBTAIN MORE COST CONSCIOUS, WHICH SHOULD RESULT IN
INCREASED ECONOMY AND EFFICIENCY.
2. COMPARISONS OF ACTUAL VERSUS ESTIMATED COSTS
NOW MADE AVAILABLE TO SUPERVISORS. ESTIMATED COSTS
ALLOWED FOR EACH PROCESS IN THE PRODUCTION OF END
PRODUCTS ARE CHECKED AGAINST THE ACTUAL COSTS RE-
CORDED; THIS INFORMATION IS MADE AVAILABLE TO VARIOUS
LEVELS OF MANAGEMENT SO THAT DEFICIENCIES MAY BE
CORRECTED. THIS INFORMATION IS MADE AVAILABLE
FOR PLANNING AND PRODUCTION METHODS PURPOSES IN
ESTIMATING FUTURE PRODUCTION.
3. MONTHLY BUDGETS ARE PREPARED WHICH FOR COST
COSTS OF PRODUCTION AND SALES BASED ON ACTUALS
ON COMPLETED WORK. BUDGETS FOR PRODUCTION COSTS
TO INSTALLATION OF THE NAVY INDUSTRIAL BOARD
BASED ON THE SCHEDULED WORK LOAD AND NOT ON DELIVERIES
OR END ITEMS.
4. THE OVERHEAD RATES REMAIN CORRELATIVE
STABLE, WHICH WILL BE AID TO INVESTMENT OPERA-
TIONAL PLANNING AND IN THE FURNISHING OF DATA FOR
ESTIMATING COSTS OF FUTURE PRODUCTION.
5. STANDARDIZATION OF FUNCTIONS HAS BEEN
IN UNIFORMITY BETWEEN ASSIGNED AND BUDGET COSTS.
ESTABLISHMENT OF AN ORGANIZATION FOR THE COMBINED
DEPARTMENT HAS BEEN CLEARLY INDICATED AND DETERMINED
ACCOUNTING AND FINANCIAL RESPONSIBILITIES.
6. DOCUMENTATION OF MATERIAL WORK RECORDS HAS
BEEN FACILITATED UNDER NAVY INDUSTRIAL BOARD FOR THE
THE CONSOLIDATION OF PURCHASES.
7. THERE HAS BEEN A REDUCTION OF APPROPRIATELY
10% IN THE NUMBER OF JOB ORDERS USED FOR PRODUCTION
CONTROL.
8. THE COST CONTROL CONCEPT, BY WHICH RELATED
PRODUCTIVE COSTS ARE CHECKED, AND WHICH HAS INSTALLED
AS A COMPONENT PART OF THE NAVY INDUSTRIAL BOARD
SYSTEM, PROVIDES A BASIS TO BE PREPARED FOR DIRECT
RELATED COSTS AT SOURCE OF CONSUMPTION. PREVIOUSLY,
SUCH COSTS WERE RELATED TO BY PLANT MANAGEMENT.

9. THE NAVY INDUSTRIAL FUND SYSTEM PROVIDES MORE EFFICIENT MEANS OF CONTROLLING THE COSTS OF GOODS AND SERVICES PRODUCED AND ESTABLISHES A MORE FLEXIBLE MEANS FOR FINANCING BUDGETING, AND ACCOUNTING FOR SUCH OPERATIONS; ELIMINATES ENTIRELY THE MANY SOURCES OF FUNDS PREVIOUSLY USED TO FINANCE INDUSTRIAL OPERATIONS AT THE NAVAL ORDNANCE PLANT, YORK.

10. ACCOUNTS ARE NOW KEPT ON AN ACCRUAL BASIS IN ACCORDANCE WITH GENERALLY ACCEPTED COMMERCIAL PRINCIPLES. THE ELIMINATION OF THE OLD CASH BASIS AND INTRODUCTION OF THE ACCRUAL BASIS HAS RESULTED IN THE DEVELOPMENT OF MORE FACTUAL FISCAL DATA, AND THE SIMPLIFICATION OF COST ACCOUNTING METHODS.

11. THE NAVY INDUSTRIAL FUND TENDS TO EMPHASIZE THE REQUIREMENTS OF LOCAL MANAGEMENT FOR TIMELY INFORMATION CONCERNING THE OPERATING COSTS BY FUNCTIONS AND FOCUSES SHARPLY ATTENTION TO SUCH COSTS ACCORDING TO THE DEPARTMENT AND COST CENTER.

IT IS UNDERSTOOD THAT THE NAVY INDUSTRIAL FUND INSTALLATION AT NAVAL ORDNANCE PLANT, YORK HAS PROVED SO SUCCESSFUL, THAT IT IS BEING USED AS A GUIDE BY THE NAVY COMPTROLLER AND THE BUREAU IN IMPLEMENTATION OF THE NAVY INDUSTRIAL FUND AT OTHER ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE.

NAVAL ORDNANCE PLANT, FOREST PARK, ILLINOIS - ON 1 JANUARY 1953, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT THE NAVAL ORDNANCE PLANT, FOREST PARK, ILLINOIS. THIS WAS THE SECOND BUREAU OF ORDNANCE ACTIVITY TO OPERATE UNDER A WORKING CAPITAL FUND.

THE PRODUCTIVE OPERATIONS AT NAVAL ORDNANCE PLANT, FOREST PARK ARE GREATER THAN AT YORK. THE GOVERNMENT

9. THE NAVY INDUSTRIAL FUND SYSTEM PROVIDES MORE
STRICT CONTROL OF THE COSTS OF GOODS
AND SERVICES PRODUCED AND PREPARED FOR THE NAVY
PLANS FOR FINANCING BUDGETING, AND ACCOUNTING FOR
SUCH OPERATIONS: ELIMINATES THE NAVY'S
OF FUNDS PREVIOUSLY USED TO FINANCE INDUSTRIAL
OPERATIONS AT THE NAVAL ADVANCEMENT FUND, 1904.
10. ACCOUNTS ARE NOW KEPT ON AN ACCRUAL BASIS
IN ACCORDANCE WITH FINANCIALLY ACCEPTED COMMERCIAL
PRINCIPLES. THE ELIMINATION OF THE OLD CASH BASIS
AND THE INTRODUCTION OF THE ACCRUAL BASIS HAS RESULTED
IN THE DEVELOPMENT OF MORE FACTUAL FISCAL DATA, AND
THE SIMPLIFICATION OF COST ACCOUNTING METHODS.
11. THE NAVY INDUSTRIAL FUND TENDS TO EMPHASIZE
THE REQUIREMENTS OF LOCAL MANAGEMENT FOR FINANCIAL
INFORMATION CONCERNING THE OPERATING COSTS BY
FOCUSING THE FUND'S ACTIVITIES TO SUCH COST
ACCOUNTING TO THE DEPARTMENT AND COST CENTER.

IT IS UNDERSTOOD THAT THE NAVY INDUSTRIAL FUND
INSTALLATION AT NAVAL ADVANCEMENT FUND, 1904 HAS PROVED SO
SUCCESSFUL, THAT IT IS BEING USED AS A GUIDE BY THE NAVY
COMPTROLLER AND THE BUREAU IN IMPLEMENTATION OF THE
NAVY INDUSTRIAL FUND AS OTHER ACTIVITIES UNDER THE
MANAGEMENT CONTROL OF THE BUREAU OF ADVANCEMENT.

NAVAL ADVANCEMENT FUND, 1904, 1905, 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916, 1917, 1918, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 2682, 2683, 2684, 2685, 2686, 2687, 2688, 2689, 2690, 2691, 2692, 2693, 2694, 2695, 2696, 2697, 2698, 2699, 2700, 2701, 2702, 2703, 2704, 2705, 2706, 2707, 2708, 2709, 2710, 2711, 2712, 2713, 2714, 2715, 2716, 2717, 2718, 2719, 2720, 2721, 2722, 2723, 2724, 2725, 2726, 2727, 2728, 2729, 2730, 2731, 2732, 2733, 2734, 2735, 2736, 2737, 2738, 2739, 2740, 2741, 2742, 2743, 2744, 2745, 2746, 2747, 2748, 2749, 2750, 2751, 2752, 2753, 2754, 2755, 2756, 2757, 2758, 2759, 2760, 2761, 2762, 2763, 2764, 2765, 2766, 2767, 2768, 2769, 2770, 2771, 2772, 2773, 2774, 2775, 2776, 2777, 2778, 2779, 2780, 2781, 2782, 2783, 2784, 2785, 2786, 2787, 2788, 2789, 2790, 2791, 2792, 2793, 2794, 2795, 2796, 2797, 2798, 2799, 2800, 2801, 2802, 2803, 2804, 2805, 2806, 2807, 2808, 2809, 2810, 2811, 2812, 2813, 2814, 2815, 2816, 2817, 2818, 2819, 2820, 2821, 2822, 2823, 2824, 2825, 2826, 2827, 2828, 2829, 2830, 2831, 2832, 2833, 2834, 2835, 2836, 2837, 2838, 2839, 2840, 2841, 2842, 2843, 2844, 2845, 2846, 2847, 2848, 2849, 2850, 2851, 2852, 2853, 2854, 2855, 2856, 2857, 2858, 2859, 2860, 2861, 2862, 2863, 2864, 2865, 2866, 2867, 2868, 2869, 2870, 2871, 2872, 2873, 2874, 2875, 2876, 2877, 2878, 2879, 2880, 2881, 2882, 2883, 2884, 2885, 2886, 2887, 2888, 2889, 2890, 2891, 2892, 2893, 2894, 2895, 2896, 2897, 2898, 2899, 2900, 2901, 2902, 2903, 2904, 2905, 2906, 2907, 2908, 2909, 2910, 2911, 2912, 2913, 2914, 2915, 2916, 2917, 2918, 2919, 2920, 2921, 2922, 2923, 2924, 2925, 2926, 2927, 2928, 2929, 2930, 2931, 2932, 2933, 2934, 2935, 2936, 2937, 2938, 2939, 2940, 2941, 2942, 2943, 2944, 2945, 2946, 2947, 2948, 2949, 2950, 2951, 2952, 2953, 2954, 2955, 2956, 2957, 2958, 2959, 2960, 2961, 2962, 2963, 2964, 2965, 2966, 2967, 2968, 2969, 2970, 2971, 2972, 2973, 2974, 2975, 2976, 2977, 2978, 2979, 2980, 2981, 2982, 2983, 2984, 2985, 2986, 2987, 2988, 2989, 2990, 2991, 2992, 2993, 2994, 2995, 2996, 2997, 2998, 2999, 3000, 3001, 3002, 3003, 3004, 3005, 3006, 3007, 3008, 3009, 3010, 3011, 3012, 3013, 3014, 3015, 3016, 3017, 3018, 3019, 3020, 3021, 3022, 3023, 3024, 3025, 3026, 3027, 3028, 3029, 3030, 3031, 3032, 3033, 3034, 3035, 3036, 3037, 3038, 3039, 3040, 3041, 3042, 3043, 3044, 3045, 3046, 3047, 3048, 3049, 3050, 3051, 3052, 3053, 3054, 3055, 3056, 3057, 3058, 3059, 3060, 3061, 3062, 3063, 3064, 3065, 3066, 3067, 3068, 3069, 3070, 3071, 3072, 3073, 3074, 3075, 3076, 3077, 3078, 3079, 3080, 3081, 3082, 3083, 3084, 3085, 3086, 3087, 3088, 3089, 3090, 3091, 3092, 3093, 3094, 3095, 3096, 3097, 3098, 3099, 3100, 3101, 3102, 3103, 3104, 3105, 3106, 3107, 3108, 3109, 3110, 3111, 3112, 3113, 3114, 3115, 3116, 3117, 3118, 3119, 3120, 3121, 3122, 3123, 3124, 3125, 3126, 3127, 3128, 3129, 3130, 3131, 3132, 3133, 3134, 3135, 3136, 3137, 3138, 3139, 3140, 3141, 3142, 3143, 3144, 3145, 3146, 3147, 3148, 3149, 3150, 3151, 3152, 3153, 3154, 3155, 3156, 3157, 3158, 3159, 3160, 3161, 3162, 3163, 3164, 3165, 3166, 3167, 3168, 3169, 3170, 3171, 3172, 3173, 3174, 3175, 3176, 3177, 3178, 3179, 3180, 3181, 3182, 3183, 3184, 3185, 3186, 3187, 3188, 3189, 3190, 3191, 3192, 3193, 3194, 3195, 3196, 3197, 3198, 3199, 3200, 3201, 3202, 3203, 3204, 3205, 3206, 3207, 3208, 3209, 3210, 3211, 3212, 3213, 3214, 3215, 3216, 3217, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3225, 3226, 3227, 3228, 3229, 3230, 3231, 3232, 3233, 3234, 3235, 3236, 3237, 3238, 3239, 3240, 3241, 3242, 3243, 3244, 3245, 3246, 3247, 3248, 3249, 3250, 3251, 3252, 3253, 3254, 3255, 3256, 3257, 3258, 3259, 3260, 3261, 3262, 3263, 3264, 3265, 3266, 3267, 3268, 3269, 3270, 3271, 3272, 3273, 3274, 3275, 3276, 3277, 3278, 3279, 3280, 3281, 3282, 3283, 3284, 3285, 3286, 3287, 3288, 3289, 3290, 3291, 3292, 3293, 3294, 3295, 3296, 3297, 3298, 3299, 3300, 3301, 3302, 3303, 3304, 3305, 3306, 3307, 3308, 3309, 3310, 3311, 3312, 3313, 3314, 3315, 3316, 3317, 3318, 3319, 3320, 3321, 3322, 3323, 3324, 3325, 3326, 3327, 3328, 3329, 3330, 3331, 3332, 3333, 3334, 3335, 3336, 3337, 3338, 3339, 3340, 3341, 3342, 3343, 3344, 3345, 3346, 3347, 3348, 3349, 3350, 3351, 3352, 3353, 3354, 3355, 3356, 3357, 3358, 3359, 3360, 3361, 3362, 3363, 3364, 3365, 3366, 3367, 3368, 3369, 3370, 3371, 3372, 3373, 3374, 3375, 3376, 3377, 3378, 3379, 3380, 3381, 3382, 3383, 3384, 3385, 3386, 3387, 3388, 3389, 3390, 3391, 3392, 3393, 3394, 3395, 3396, 3397, 3398, 3399, 3400, 3401, 3402, 3403, 3404, 3405, 3406, 3407, 3408, 3409, 3410, 3411, 3412, 3413, 3414, 3415, 3416, 3417, 3418, 3419, 3420, 3421, 3422, 3423, 3424, 3425, 3426, 3427, 3428, 3429, 3430, 3431, 3432, 3433, 3434, 3435, 3436, 3437, 3438, 3439, 3440, 3441, 3442, 3443, 3444, 3445, 3446, 3447, 3448, 3449, 3450, 3451, 3452, 3453, 3454, 3455, 3456, 3457, 3458, 3459, 3460, 3461, 3462, 3463, 3464, 3465, 3466, 3467, 3468, 3469, 3470, 3471, 3472, 3473, 3474, 3475, 3476, 3477, 3478, 3479, 3480, 3481, 3482, 3483, 3484, 3485, 3486, 3487, 3488, 3489, 3490, 3491, 3492, 3493, 3494, 3495, 3496, 3497, 3498, 3499, 3500, 3501, 3502, 3503, 3504, 3505, 3506, 3507, 3508, 3509, 3510, 3511, 3512, 3513, 3514, 3515, 3516, 3517, 3518, 3519, 3520, 3521, 3522, 3523, 3524, 3525, 3526, 3527, 3528, 3529, 3530, 3531, 3532, 3533, 3534, 3535, 3536, 3537, 3538, 3539, 3540, 3541, 3542, 3543, 3544, 3545, 3546, 3547, 3548, 3549, 3550, 3551, 3552, 3553, 3554, 3555, 3556, 3557, 3558, 3559, 3560, 3561, 3562, 3563, 3564, 3565, 3566, 3567, 3568, 3569, 3570, 3571, 3572, 3573, 3574, 3575, 3576, 3577, 3578, 3579, 3580, 3581, 3582, 3583, 3584, 3585, 3586, 3587, 3588, 3589, 3590, 3591, 3592, 3593, 3594, 3595, 3596, 3597, 3598, 3599, 3600, 3601, 3602, 3603, 3604, 3605, 3606, 3607, 3608, 3609, 3610, 3611, 3612, 3613, 3614, 3615, 3616, 3617, 3618, 3619, 3620, 3621, 3622, 3623, 3624, 3625, 3626, 3627, 3628, 3629, 3630, 3631, 3632, 3633, 3634, 3635, 3636, 3637, 3638, 3639, 3640, 3641, 3642, 3643, 3644, 3645, 3646, 3647, 3648, 3649, 3650, 3651, 3652, 3653, 3654, 3655, 3656, 3657, 3658, 3659, 3660, 3661, 3662, 3663, 3664, 3665, 3666, 3667, 3668, 3669, 3670, 3671, 3672, 3673, 3674, 3675, 3676, 3677, 3678, 3679, 3680, 3681, 3682, 3683, 3684, 3685, 3686, 3687, 3688, 3689, 3690, 3691, 3692, 3693, 3694, 3695, 3696, 3697, 3698, 3699, 3700, 3701, 3702, 3703, 3704, 3705, 3706, 3707, 3708, 3709, 3710, 3711, 3712, 3713, 3714, 3715, 3716, 3717, 3718, 3719, 3720, 3721, 3722, 3723, 3724, 3725, 3726, 3727, 3728, 3729, 3730, 3731, 3732, 3733, 3734, 3735, 3736, 3737, 3738, 3739, 3740, 3741, 3742, 3743, 3744, 3745, 3746, 3747, 3748, 3749, 3750, 3751, 3752, 3753, 3754, 3755, 3756, 3757, 3758, 3759, 3760, 3761, 3762, 3763, 3764, 3765, 3766, 3767, 3768, 3769, 3770, 3771, 3772, 3773, 3774, 3775, 3776, 3777, 3778, 3779, 3780, 3781, 3782, 3783, 3784, 3785, 3786, 3787, 3788, 3789, 3790, 3791, 3792, 3793, 3794, 3795, 3796, 3797, 3798, 3799, 3800, 3801, 3802, 3803, 3804, 3805, 3806, 3807, 3808, 3809, 3810, 3811, 3812, 3813, 3814, 3815, 3816, 3817, 3818, 3819, 3820, 3821, 3822, 3823, 3824, 3825, 3826, 3827, 3828, 3829, 3830, 3831, 3832, 3833, 3834, 3835, 3836, 3837, 3838, 3839, 3840, 3841, 3842, 3843, 3844, 3845, 3846, 3847, 3848, 3849, 3850, 3851, 3852, 3853, 3854, 3855, 3856, 3857, 3858, 3859, 3860, 3861, 3862, 3863, 3864, 3865, 3866, 3867, 3868, 3869, 3870, 3871, 3872, 3873, 3874, 3875, 3876, 3877, 3878, 3879, 3880, 3881, 3882, 3883, 3884,

INVESTMENT OR PRINCIPAL OF THE NAVY INDUSTRIAL FUND AT FOREST PARK AS OF 30 JUNE WAS \$8,500,000.

FOR EACH ACTIVITY OPERATED UNDER THE NAVY INDUSTRIAL FUND, AN OFFICIAL PUBLICATION OF THE OFFICE OF THE NAVY COMPTROLLER IS DEVELOPED FOR THE STATION TO PROVIDE AUTHORITATIVE ACCOUNTING, BUDGETING AND REPORTING PROCEDURES. THIS IS TITLED THE NAVY INDUSTRIAL FUND HANDBOOK.

THE PRINCIPAL FEATURES OF THE NAVY INDUSTRIAL FUND ACCOUNTING SYSTEM AS OUTLINED IN THE HANDBOOK ARE TO PROVIDE:⁸

1. FOR THE INTEGRITY OF THE "PROJECT CASH ACCOUNT" BY ENSURING REIMBURSEMENT FOR ALL WORK PERFORMED AND SERVICES RENDERED, AND CONTROLLING THE AMOUNT OF CASH TO BE INVESTED IN INVENTORIES AND WORK IN PROCESS.

2. FINANCIAL CONTROL OF COMMITMENTS, DISBURSEMENTS, REIMBURSEMENTS, COST DISTRIBUTIONS, AND TO PROVIDE OTHER AUTHORITY TO ACCEPT ENTRIES TO BE RECORDED IN THE ACCOUNTING SYSTEM.

3. FOR BUDGETS WHICH WILL PROVIDE MANAGEMENT WITH INFORMATION REQUIRED TO EXERCISE CONTROL IN THE FOLLOWING AREAS:

- A. CASH REQUIREMENTS;
 - B. PRODUCTION COSTS; AND
 - C. MANUFACTURING AND GENERAL AND ADMINISTRATIVE EXPENSES.

4. A SYSTEM OF ACCOUNTS, CONSISTING OF A GENERAL LEDGER, SUBSIDIARY LEDGERS, CASH RECEIPTS AND DISBURSEMENTS REGISTERS, PURCHASE AND SALES REGISTERS, AND BASIC JOURNAL ENTRIES TO PROVIDE:

⁸U.S. DEPARTMENT OF THE NAVY (OFFICE OF THE COMPTROLLER), NAVAL ORDNANCE PLANT, FOREST PARK, ILLINOIS, NAVY INDUSTRIAL FUND HANDBOOK, Pp. 1-4, 1-5.

INVESTMENT OF PRINCIPAL OF THE NAVY INDUSTRIAL FUND AT

FOREST PARK AS BY 20 JUNE WAS \$5,000,000.

FOR EACH ACTIVITY OPERATED UNDER THE NAVY FUND-

TRIAL FUND, AN OFFICIAL FUNDATION OF THE OFFICE OF THE

NAVY COMPTROLLER IS DEVELOPED FOR THE PURPOSE TO PROVIDE

AN APPROPRIATE ACCOUNTING, REPORTING AND REPORTING AND

CEBURES. THIS IS TITLED THE NAVY INDUSTRIAL FUND

THE PRINCIPAL FEATURES OF THE NAVY INDUSTRIAL

ACCOUNTING SYSTEM ARE OUTLINED IN THE HANDBOOK AND TO

PROVIDE:

1. FOR THE INTEGRITY OF THE "BUDGET OF THE NAVY" BY ENSURING REINVESTMENT FOR ALL WORK
PERFORMED AND REPORTED, AND CONTROLLING
THE AMOUNT OF COST TO BE INVESTED IN INVESTMENTS
AND WORK IN PROGRESS.

2. FINANCIAL CONTROL OF COMMITMENTS, DIS-
BURSEMENTS, REIMBURSEMENTS, COST DISTRIBUTIONS,
AND TO PROVIDE OTHER AUTHORITY TO ACCEPT ENTERIES
TO BE RECORDED IN THE ACCOUNTING SYSTEM.

3. FOR BUDGETS WHICH WILL PROVIDE MANAGEMENT
WITH INFORMATION REQUIRED TO EXERCISE CONTROL IN
THE FOLLOWING AREAS:

1. OVERHEAD EXPENSES;
2. PRODUCTION COSTS; AND
3. MANUFACTURING AND GENERAL AND ADMINISTRATIVE
EXPENSES.

4. A SYSTEM OF ACCOUNTS, COMPREHENSIVE OF A GENERAL
LEDGER, SUBSIDIARY LEDGERS, CARD RECEIPTS AND DIS-
BURSEMENTS RECEIPTS, DEBIT AND CREDIT SYSTEMS,
AND BASIC JOURNAL ENTRIES TO PROVIDE:

50.2. DEPARTMENT OF THE NAVY, OFFICE OF THE
COMPTROLLER, NAVAL INDUSTRIAL FUND, FOREST PARK, GLENN IS.
NAVY INDUSTRIAL FUND HANDBOOK, P. 1-1, 1-2.

A. ADEQUATE AND READY DISCLOSURE OF THE FINANCIAL CONDITION AND OPERATING RESULTS OF NOP FOREST PARK;

B. ADEQUATE CONTROL OF FINANCIAL TRANSACTIONS AT THE SITE OF OPERATIONS;

C. EFFECTIVE MEANS FOR CONTROLLING THE LEVEL AND VALIDITY OF INVENTORIES, ACCOUNTS RECEIVABLE AND WORK IN PROGRESS;

D. AUTOMATIC AND INTERNAL SAFEGUARDS AGAINST CLERICAL ERRORS AND COLLUSION;

E. AN ACCRUAL BASIS FOR ACCUMULATING AND DISTRIBUTING COSTS ACCURATELY AND IN A SIMPLIFIED MANNER; AND

F. CONTROL OF COST ACCOUNTING BY MEANS OF THE GENERAL BOOKS.

5. CONTROL OF ACCOUNTING CLASSIFICATIONS AND FORMS.

OTHER NAVY INDUSTRIAL FUND ACTIVITIES - EARLY IN FISCAL YEAR 1964, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT NAVAL POWDER FACTORY, INDIANHEAD, MARYLAND AND NAVAL ORDNANCE LABORATORY, CORONA, CALIFORNIA. THE NAVAL POWDER FACTORY IS PRIMARILY A MANUFACTURING ACTIVITY SIMILAR TO YORK AND FOREST PARK. NAVAL ORDNANCE LABORATORY, CORONA IS A RECENT ADDITION TO THE BUREAU OF ORDNANCE RESEARCH FIELD ACTIVITIES. IT IS UNDERSTOOD THAT THIS ACTIVITY WAS FORMERLY UNDER THE COGNIZANCE OF THE U.S. BUREAU OF STANDARDS, PERFORMING WORK FOR THE BUREAU. ALTHOUGH CORONA IS NOT A LARGE RESEARCH ACTIVITY COMPARED TO NAVAL ORDNANCE TEST STATION, INYOKERN, CALIFORNIA, AND NAVAL ORDNANCE LABORATORY, WHITE OAK, MARYLAND, IT IS INTERESTING TO NOTE

- A. INSTITUTE AND RESEARCH DISCUSSION OF THE
FINANCIAL POSITION AND OPERATING RESULTS OF THE
FOREST PAPER;
- B. INSTITUTE COORDINATE OF FINANCIAL TRANSACTIONS
AT THE SITE OF OPERATION;
- C. INSTITUTE MEANS FOR CONTROLLING THE INVEST
AND VALIDITY OF INVESTMENTS, ACCOUNTS RECEIVABLE
AND WORK IN PROGRESS;
- D. AUTOMATIC AND OTHER ADAPTATIONS AGAINST
CIRCULAR ERRORS AND COLLUSION;
- E. AN ACCOUNT STATE FOR ACCUMULATED AND DIS-
TRIBUTING COSTS ACCOUNTS AND IN A SIMPLIFIED
MANNER; AND
- F. CONTROL OF COST ACCOUNTING BY MEANS OF THE
GENERAL BOOKS.
- G. CONTROL OF ACCOUNTING DISPOSITIONS AND
FORMS.

NAVY INDUSTRIAL TUNE ACTIVITIES - EARLY IN

FISCAL YEAR 1944, THE NAVY INDUSTRIAL TUNE WAS INSTALLED
AT FORT BOWEN FACTORY, INDEPENDENCE, MISSOURI AND NAVAL
ENGINEERING LABORATORY, GORDON, CALIFORNIA. THE NAVAL ENGINEERING
LABORATORY IS PRIMARILY A MANUFACTURING ACTIVITY SIMILAR
TO FORT AND FORT PAPER. NAVAL ENGINEERING LABORATORY, GORDON
IS A RECENT ADDITION TO THE BUREAU OF NAVAL RESEARCH
FIELD ACTIVITIES. IT IS UNDERSTOOD THAT THIS ACTIVITY WAS
FORMERLY UNDER THE COORDINATION OF THE U.S. COAST GUARD
STATIONS, PERFORMING WORK FOR THE BUREAU. THROUGH GORDON
IS NOT A LARGE RESEARCH ACTIVITY COMPARED TO NAVAL ENGINEERING
LABORATORY, INDEPENDENCE, CALIFORNIA, AND NAVAL ENGINEERING
LABORATORY, WHITE OAK, MISSOURI, IT IS INTERESTING TO NOTE

THAT THIS IS THE FIRST RESEARCH ACTIVITY UNDER THE MANAGEMENT CONTROL OF THE BUREAU TO HAVE THE NAVY INDUSTRIAL FUND INSTALLED.

FUTURE PLANS FOR NAVY INDUSTRIAL FUND - JULY 1, 1954 IS THE TARGET DATE FOR INSTALLATION OF THE NAVY INDUSTRIAL FUND AT THE NAVAL GUN FACTORY, WASHINGTON, D.C. WHICH IS THE BUREAU'S LARGEST FIELD ACTIVITY. A SURVEY IS NOW IN PROGRESS TO DETERMINE COST CENTERS AND TO WORK OUT OTHER DETAILS PRIOR TO THE INSTALLATION. BECAUSE OF THE VARIETY AND COMPLEXITY OF THE OPERATIONS AND THE LOGISTIC SUPPORT FURNISHED BY THE NAVAL GUN FACTORY TO MANY GOVERNMENT ACTIVITIES IN THE WASHINGTON AREA, THIS ACTIVITY OFFERS A CHALLENGE TO THE REPRESENTATIVES OF THE NAVY COMPTROLLER'S OFFICE, THE FINANCIAL DIVISION, BUREAU OF ORDNANCE, AND THE NAVAL GUN FACTORY, WORKING ON THE INSTALLATION.

THE BUREAU OF ORDNANCE PLANS TO CONTINUE IMPLEMENTATION OF THE NAVY INDUSTRIAL FUND AT OTHER COMMERCIAL TYPE ACTIVITIES. IT HAS BEEN MENTIONED THAT THE NAVAL ORDNANCE PLANT, INDIANAPOLIS WILL PROBABLY BE THE NEXT NAVY INDUSTRIAL FUND INSTALLATION AFTER THE NAVAL GUN FACTORY.

IT IS FELT THAT THE OFFICE OF THE NAVY COMPTROLLER AND BUREAU OF ORDNANCE ARE TO BE COMMENDED FOR THE REALISTIC

that this is the first serious activity under the new
control of the Bureau to have the Navy Industrial
Installations.

FUTURE PLANS FOR NAVY INDUSTRIAL PLANTS - ONLY 1.
There is the largest data for installation of the Navy
Industrial Plant at the Naval Gun Factory, Washington,
D.C. which is the Bureau's largest field activity. A
survey is now in progress to determine cost estimate and
to work out of the details prior to the installation. E-
cause of the variety and complexity of the operations and
the logistic support provided by the Naval Gun Factory
to Navy Government activities in the Washington area,
this activity presents a challenge to the representatives
of the Navy Department's Office, the Financial Division,
Bureau of Ordnance, and the Naval Gun Factory, working
on the installation.

THE BUREAU OF ORDNANCE PLANS TO CONTINUE TO
install of the Navy Industrial Plant at other Government
type activities. It has been mentioned that the Naval
Ordnance Plant, Philadelphia will probably be the next
Navy Industrial Plant installation after the Naval Gun
Factory.

It is felt that the Office of the Navy Department
and Bureau of Ordnance are to be considered for the nearest

APPROACH TAKEN IN THE INSTALLATION OF THE NAVY INDUSTRIAL FUND. CAREFUL PLANNING AND PREPARATION PRECEDES THE INSTALLATION. THE NEW INSTALLATION IS FUNCTIONING PROPERLY AND EFFICIENTLY UNDER THE NAVY INDUSTRIAL FUND PRIOR TO IMPLEMENTATION AT OTHER STATIONS.

APPROACH TAKEN IN THE INSTALLATION OF THE NAVY INDUSTRIAL
FUND. CAREFUL PLANNING AND PREPARATION PRECEDES THE
INSTALLATION. THE NEW INSTALLATION IS FUNCTIONING
PROBLY AND EFFICIENTLY UNDER THE NAVY INDUSTRIAL FUND
PLAN TO IMPROVEMENT AT OTHER STATIONS.

CHAPTER V

BUDGET AND ACCOUNTING SYSTEM FOR MODIFIED INDUSTRIAL AND NON-INDUSTRIAL ACTIVITIES

MODIFIED INDUSTRIAL ACTIVITIES - MOST OF THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. IT IS ESTIMATED THAT APPROXIMATELY EIGHTY PERCENT OF BUREAU OF ORDNANCE FUNDS GRANTED TO FIELD ACTIVITIES, ARE ASSIGNED TO MODIFIED INDUSTRIAL ACTIVITIES. ALL NAVAL AMMUNITION DEPOTS, ALL ORDNANCE RESEARCH ACTIVITIES, ALL ORDNANCE PLANTS, MOST OF THE MISCELLANEOUS ACTIVITIES, AND ONE NAVAL MAGAZINE ARE CLASSIFIED AS MODIFIED INDUSTRIAL WITH THE EXCEPTION OF THOSE STATIONS IN WHICH THE NAVY INDUSTRIAL FUND HAS BEEN INSTALLED.

PRIOR TO 1 JULY 1951, THERE WAS NO DISTRIBUTION OF INDIRECT COSTS OR OVERHEAD TO PRODUCTIVE ALLOTMENTS OR PROJECT ORDERS AT THESE ACTIVITIES. AT THAT TIME, ALL INDIRECT COSTS WERE ABSORBED BY THE STATION MAINTENANCE AND OPERATION ALLOTMENTS.

IN MAY 1951, FURTHER ACCOUNTING PROCESSES WERE DEVELOPED FOR ALLOCATION OF INDIRECT COSTS TO BUDGET PROGRAMS IN CONSONANCE WITH THE PRINCIPLES EXPRESSED IN

CHAPTER 7

BOOKS AND ACCOUNTING SYSTEM FOR MARINE INDUSTRIES
AND NON-INDUSTRIAL ACTIVITIES

Modified Industrial Activities - Most of the activities under the management control of the Bureau of Ordnance are classified as modified industrial activities for accounting purposes. It is estimated that approximately eighty percent of Bureau of Ordnance funds granted to field activities, are assigned to modified industrial activities. All naval ammunition depots, all Ordnance Research Activities, all Ordnance Plants, most of the miscellaneous activities, and one naval machine are classified as modified industrial with the exception of those stations in which the Navy Industrial Fund has been installed. Prior to 1 July 1951, there was no distinction of indirect costs as overhead to productive activities or direct charges to these activities. At that time, all indirect costs were absorbed by the station maintenance and operation allowances. In 1951, further accounting procedures were developed for allocation of indirect costs to support programs in accordance with the principles expressed in

THE PERFORMANCE BUDGET CONCEPT.⁹ THIS NEW PROCEDURE FOR COMPUTATION AND APPLICATION OF OVERHEAD WAS EFFECTIVE 1 JULY 1951. BY THIS SYSTEM, MOST OF THE INDIRECT COSTS SUCH AS ADMINISTRATIVE EXPENSES, MAINTENANCE AND UPKEEP EXPENSES, SECURITY AND FIRE PROTECTION EXPENSES, AND MANY OTHER INDIRECT COSTS NOT CONNECTED WITH PRODUCTIVE WORK, WERE DISTRIBUTED AS OVERHEAD ON A PERCENTAGE RATIO OF DIRECT LABOR COSTS TO INDIRECT EXPENSES.

THIS NEW SYSTEM MADE ALL STATIONS EXTREMELY CONSCIOUS OF THE OVERHEAD RATE WHICH WAS COMPUTED BY THE FOLLOWING FORMULA:

$$\frac{\text{DISTRIBUTABLE INDIRECT EXPENSES}}{\text{DIRECT LABOR EXPENSES}} = \text{OVERHEAD RATE}$$

THE INDIRECT EXPENSES WHICH IT WAS ESTIMATED WOULD BE REQUIRED TO MAINTAIN THE STATION EVEN THOUGH THERE WAS NO PRODUCTIVE WORK, WERE CLASSED AS NON-DISTRIBUTABLE AND CHARGED TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

THE NEW SYSTEM, IN ADDITION TO STIMULATING COMPETITION BETWEEN ACTIVITIES TO REDUCE THE OVERHEAD RATES, PROMOTED ECONOMY AND EFFICIENCY AT ALL ECHELONS OF THE STATION OPERATIONS.

⁹U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE LETTERS FI 1 DATED 14 MAY 1951.

THE PERFORMANCE SUBJECT CONCEPT. THIS NEW PROCEDURE FOR
COMPUTATION AND APPLICATION OF OVERHEAD WAS EFFECTIVE
1 JULY 1951. BY THIS SYSTEM, MOST OF THE INDIRECT COSTS
SUCH AS ADMINISTRATIVE EXPENSES, MAINTENANCE AND REPAIR
EXPENSES, SECURITY AND FIRE PROTECTION EXPENSES, AND MANY
OTHER INDIRECT COSTS NOT CONNECTED WITH PRODUCTIVE
WORK, WERE DISTRIBUTED AS OVERHEAD ON A PERCENTAGE BASIS
OF DIRECT LABOR COSTS TO INDIRECT EXPENSES.
THIS NEW SYSTEM MADE ALL SYSTEMS EXTREMELY
CONCISE OF THE OVERHEAD RATE WHICH WAS COMPUTED BY THE
FOLLOWING FORMULA:

$$\frac{\text{DISTRIBUTABLE INDIRECT EXPENSES}}{\text{DIRECT LABOR EXPENSES}} = \text{OVERHEAD RATE}$$

THE INDIRECT EXPENSES WHICH IT WAS ESTIMATED WOULD
BE REQUIRED TO MAINTAIN THE STATION EVEN IF NO LABOR WAS
NO PRODUCTIVE WORK, WERE CLASSED AS NON-DISTRIBUTABLE AND
CHARGED TO THE STATION MAINTENANCE AND OPERATION ACCOUNT.
THE NEW SYSTEM, IN ADDITION TO STIMULATING THE CONCEPT
TION BETWEEN ACTIVITIES TO REDUCE THE OVERHEAD RATE,
PROMOTED ECONOMY AND EFFICIENCY AT ALL STATIONS OF THE
STATION OPERATIONS.

THE NEW OVERHEAD COMPUTATION AND APPLICATION PROCEDURES WERE A MAJOR STEP IN IMPLEMENTING IMPROVEMENTS REQUIRED BY TITLE IV AMENDMENTS TO THE NATIONAL SECURITY ACT OF 1947.

IN OCTOBER 1951, A BUREAU OF ORDNANCE LETTER REITERATED SECTION 3679, REVISED STATUTES AS AMENDED AND OUTLINED NAVY POLICY CONCERNING ADMINISTRATION OF APPROPRIATIONS.¹⁰ THIS DIRECTIVE SPELLED OUT THE RESPONSIBILITIES FOR PROPER ADMINISTRATION OF ALLOTTED FUNDS AND GAVE THE PENALTIES IMPOSED FOR OVEROBLIGATION OR OVEREXPENDITURE OF FUNDS. THIS LETTER MADE THE FIELD ACTIVITIES VERY CONSCIOUS OF THE NEED FOR CONTROL OF FUNDS TO PREVENT OVEROBLIGATION.

A BUREAU OF ORDNANCE DIRECTIVE OF 9 MARCH 1953 PROMULGATED INSTRUCTIONS FOR THE IMPLEMENTATION OF THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM, WHICH EMBODIES FUNDAMENTAL PRINCIPLES OF BUREAU AND FIELD ACTIVITY PARTICIPATION IN FINANCIAL MANAGEMENT.¹¹ IT IS BELIEVED THAT THIS WAS THE FIRST TIME IN RECENT YEARS THAT THE

¹⁰U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE LETTER FI 1, DATED 4 OCTOBER 1951.

¹¹U.S. DEPARTMENT OF NAVY, NAVORD INSTRUCTION 7000.1 DATED 9 MARCH 1953.

BUREAU HAD REQUESTED THE FIELD ACTIVITIES TO SUBMIT AN ANNUAL BUDGET FOR THE FISCAL YEAR. HERETOFORE, PRACTICALLY ALL BUDGET PLANNING FOR THE FIELD ACTIVITIES WAS PERFORMED BY THE BUREAU. THE SUBJECT OF THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM WILL BE COVERED IN MORE DETAIL IN THE NEXT CHAPTER.

NON-INDUSTRIAL ACTIVITIES - THERE ARE MANY SMALLER ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE WHICH ARE CLASSIFIED AS NON-INDUSTRIAL FOR ACCOUNTING PURPOSES. NAVAL DEGAUSSING STATIONS, NAVAL NET DEPOTS, AND SMALL NAVAL RESEARCH UNITS ARE TYPICAL OF ACTIVITIES IN THIS CATEGORY. USUALLY ONE MAJOR ALLOTMENT, SUCH AS THE STATION MAINTENANCE AND OPERATION ALLOTMENT, FINANCES ALL EXPENSES AT THESE ACTIVITIES. ALSO, THESE ACTIVITIES ARE USUALLY LOCATED AT A NAVAL BASE WHERE THE MAJOR ACTIVITY RENDERS ACCOUNTING SERVICES AND OTHER LOGISTIC SUPPORT. HOWEVER, THE OFFICER IN CHARGE OF THE STATION OR UNIT IS STILL RESPONSIBLE FOR BUDGETARY CONTROL OF FUNDS, INCLUDING RESPONSIBILITY FOR ANY OVEROBLIGATION OF FUNDS. A VERY SMALL PERCENTAGE OF THE BUREAU OF ORDNANCE FUNDS GRANTED TO THE FIELD ACTIVITIES ARE ALLOCATED TO NON-INDUSTRIAL STATIONS.

THE BUREAU HAS REQUESTED THE FIELD ACTIVITIES TO SUBMIT AN ANNUAL BUDGET FOR THE FISCAL YEAR. HERETOFORE, PRACTICALLY ALL BUDGET PLANNING FOR THE FIELD ACTIVITIES HAS BEEN FORMED BY THE BUREAU. THE SUBJECT OF THE ORDINANCE SYSTEM WILL BE COVERED IN LATEST BUDGET AND REPORTING SYSTEM WILL BE COVERED IN MORE DETAIL IN THE NEXT CHAPTER.

NON-INDUSTRIAL ACTIVITIES - THESE ARE MANY

SMALLER ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE WHICH ARE CLASSIFIED AS NON-INDUSTRIAL FOR ACCOUNTING PURPOSES. NAVAL DESIGNING STATIONS, NAVAL TEST REPORTS, AND NAVAL NAVAL RESEARCH UNITS ARE TYPICAL OF ACTIVITIES IN THIS CATEGORY. USUALLY ONE OR MORE STATION MAINTENANCE AND OPERATION, FINANCES ALL EXPENSES AT THESE ACTIVITIES. ALSO, THESE ACTIVITIES ARE USUALLY LOCATED AT A NAVAL STATION WHERE THE MAJOR ACTIVITY REQUIRES ACCOUNTING SERVICES AND OTHER LOGISTIC SUPPORT. HOWEVER, THE OFFICER IN CHARGE OF THE STATION OR UNIT IS FULLY RESPONSIBLE FOR BUDGETARY CONTROL OF FUNDS, INCLUDING RESPONSIBILITY FOR ANY OVERCOSTATION OF FUNDS. A VERY SMALL PERCENTAGE OF THE BUREAU OF ORDNANCE FUNDS ALLOCATED TO THE FIELD ACTIVITIES ARE ALLOCATED TO NON-INDUSTRIAL STATIONS.

CHAPTER VI

THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM

IMPLEMENTATION OF ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM -- IN A DIRECTIVE ISSUED ON 13 MARCH, 1953 THE BUREAU OF ORDNANCE ESTABLISHED THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM.¹² THIS NEW SYSTEM, WHICH WAS A MAJOR CHANGE IN THE BUDGET RELATIONSHIP BETWEEN THE BUREAU AND THE FIELD ACTIVITIES, WAS APPLICABLE TO ALL FIELD ESTABLISHMENTS OF THE BUREAU WHERE FORMALIZED BUDGET OPERATIONS WERE IN EFFECT, NAMELY, ALL MODIFIED INDUSTRIAL ACTIVITIES AND NAVY INDUSTRIAL FUND ACTIVITIES.

AT THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SEMINAR CONDUCTED BY THE BUREAU OF ORDNANCE ON 26-27 MARCH 1953, CAPTAIN F. R. PUTMAN, USN, HEAD OF THE SHORE ESTABLISHMENTS DIVISION, SAID:¹³

THE UNIFORM BUDGET AND REPORTING SYSTEM SHOULD GIVE US THE FOLLOWING IMPROVEMENTS: THE FACTUAL DATA TO SUPPORT OUR REQUESTS FOR FUNDS, AND IMPROVED LIAISON BETWEEN SHORE ESTABLISHMENTS AND THE BUREAU. THIS IMPROVED SYSTEM IS NOT A TIME SAVER OR A LABOR SAVER AT EITHER THE STATION OR THE BUREAU. BUT IT IS THE BEST METHOD THAT HAS YET BEEN DEVISED OF COLLECTING THE DETAILED AND FACTUAL DATA REQUIRED TO PRESENT TO CONGRESS A REASONABLE AND JUSTIFIABLE ESTIMATE TO GIVE US THE FUNDS TO KEEP OUR ORGANIZATION AS IT SHOULD.

¹²U.S. DEPARTMENT OF NAVY. BUREAU OF ORDNANCE NAV ORD INSTRUCTION 7100.1 DATED 13 MARCH 1953.

¹³U.S. DEPARTMENT OF NAVY. BUREAU OF ORDNANCE, TRANSCRIPT OF PROCEEDINGS, ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SEMINAR P. 18

THE BUDGET ESTABLISHMENT SYSTEM AND ASSOCIATED SYSTEMS

IMPORTANCE OF BUDGET ESTABLISHMENT SYSTEM
THE BUDGET SYSTEM -- IS A DIRECTIVE ISSUED ON 15 JANUARY 1955 AND UNDERSTANDS THE BUDGET ESTABLISHMENT SYSTEM. THIS NEW SYSTEM, WHICH WAS A MAJOR CHANGE IN THE BUDGET ESTABLISHMENT SYSTEM, WAS SHIP BETWEEN THE BUREAU AND THE FIELD ACTIVITIES, WAS APPLIED TO ALL FIELD ESTABLISHMENTS OF THE BUREAU WHICH FORMERLY BUDGET OPERATIONS WERE IN EFFECT, NAMELY, ALL NAVAL INDUSTRIAL ACTIVITIES AND NAVY INDUSTRIAL FUND ACTIVITIES.

AT THE BUDGET ESTABLISHMENT BUDGET AND REPORT-
 THE SYSTEM SET UP BY THE BUREAU OF BUDGET
 ON 25-27 MARCH 1955, CAPTAIN F. M. LUTHER, USN, HEAD
 OF THE BUDGET ESTABLISHMENT DIVISION, SAID: IS

THE BUDGET AND REPORTING SYSTEM SHOULD
 GIVE US THE FOLLOWING INFORMATION: THE BUDGET DATA
 TO SUPPORT OUR REQUESTS FOR FUNDS, AND INCREASED
 LIAISON BETWEEN BUDGET ESTABLISHMENTS AND THE BUREAU.
 THIS IMPROVED SYSTEM IS NOT A FINE TUNING OF A LAMP
 BUT AT THE BUREAU THE STATE OF THE BUDGET. BUT AT
 THE FIELD BUDGET THAT HAS YET BEEN REVISED OF COL-
 LECTING THE DETAILS OF BUDGET DATA ASSIGNED TO
 PRESENT TO COMGRESS A REASONABLE AND JUSTIFIED
 ESTIMATE TO GET US THE FUNDS TO KEEP OUR OPERATIONS
 GOING AS IT SHOULD.

12. B. DEPARTMENT OF NAVY, BUREAU OF BUDGET, 15 JANUARY 1955.
 13. B. DEPARTMENT OF NAVY, BUREAU OF BUDGET, 15 JANUARY 1955.
 14. B. DEPARTMENT OF NAVY, BUREAU OF BUDGET, 15 JANUARY 1955.
 15. B. DEPARTMENT OF NAVY, BUREAU OF BUDGET, 15 JANUARY 1955.

THE BUDGET AND REPORTING SYSTEM CONSISTS OF TWO DISTINCT BUT CLOSELY RELATED REQUIREMENTS; THE DEVELOPMENT OF AN ANNUAL STATION BUDGET, AND THE QUARTERLY REPORTING OF PROGRESS UNDER, AND REVISIONS TO, THE ANNUAL BUDGET.

THE ANNUAL BUDGET IS BROKEN DOWN INTO FOUR MAJOR COMPONENTS; THE DIRECT COSTS BUDGET, THE INDIRECT COSTS BUDGET, THE PERSONNEL BUDGET, AND THE CAPITAL BUDGET. QUARTERLY PROGRESS REPORTS ARE REQUIRED FOR EACH OF THE ANNUAL BUDGET COMPONENTS.

OBJECTIVES -- THE OBJECTIVES OF THE BUDGET AND REPORTING SYSTEM AS STATED IN NAV ORD INSTRUCTION 7100.1 ARE AS FOLLOWS:¹⁴

1. IMPROVED MANAGEMENT BY A STATION OF ITS ACTIVITIES BY ENABLING THE STATION BETTER TO:
 - A. PLAN ITS PROGRAMS AND TO EXPRESS THOSE PLANS IN ANNUAL AND QUARTERLY BUDGET PRESENTATIONS TO THE BUREAU, MAKING KNOWN ITS EVALUATION OF ITS WORKLOAD CAPACITIES AND ITS REQUIREMENTS IN TERMS OF PERSONNEL, FACILITIES, AND KINDS OF WORK;
 - B. CONTROL ITS FUNDS, MANPOWER AND FACILITIES USAGE UNDER AN ANNUAL APPROVED PLAN OF OPERATIONS; AND
 - C. EVALUATE AND REPORT PROGRESS IN THE ACCOMPLISHMENT OF THAT PLAN.

¹⁴U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, NAV ORD INSTRUCTION 7100.1 DATED 13 MARCH 1953.

2. IMPROVED MANAGEMENT BY THE BUREAU OF ITS FIELD STATIONS BY PERMITTING SYSTEMATIC, REGULAR AND TIMELY REVIEW OF WORKLOAD, OBLIGATION RATES, DISTRIBUTION OF PERSONNEL, OVERHEAD, AND OTHER INDICES OF THE STATIONS' OPERATIONS IN ORDER TO ACHIEVE MAXIMUM UTILIZATION OF FIELD STATIONS IN THE ACCOMPLISHMENT OF BUREAU OBJECTIVES.

3. IMPROVED CONTINUITY IN THE MANAGEMENT OF THE STATIONS AND OF THE BUREAU.

4. ENHANCED ROLE FOR THE STATIONS IN THE PARTICIPATION OF THE BUREAU'S PLANNING AND BUDGET PREPARATION.

5. IMPROVED LINES OF COMMUNICATION BETWEEN THE STATIONS AND THE BUREAU DIVISIONS.

RESPONSIBILITIES OF STATION AND BUREAU -- THE THREE

MAJOR STEPS IN THE STATION BUDGETING AND REPORTING PLAN ARE:

1. DEVELOPMENT OF ESTIMATES
2. BUDGET PREPARATION AND REPORTING
3. BUDGETARY EXECUTION AND CONTROL.

AN OUTLINE CHART PREPARED BY THE DEPUTY COMPTROLLER OF THE BUREAU OF ORDNANCE FOR THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SEMINAR, CLEARLY DEMONSTRATES THE STEPS TO BE FOLLOWED IN THE BUDGET AND REPORTING SYSTEM. THE CHART, POINTING OUT THE BUREAU'S AND STATION'S RESPONSIBILITIES, THE DEADLINE FOR ESTIMATES, PROGRESS REPORTS, AND OTHER FEATURES OF THE NEW SYSTEM IS AS FOLLOWS:¹⁵

¹⁵E. S. TILLEY, DEPUTY COMPTROLLER, BUREAU OF ORDNANCE, U.S. DEPARTMENT OF NAVY, UNPUBLISHED CHART OF STEPS IN THE STATION'S BUDGETING AND REPORTING SYSTEM.

3. IMPROVED MANAGEMENT OF THE BUREAU OF THE FIELD STATIONS BY EXAMINING SYSTEMATIC, REGULAR AND THOROUGH REVIEW OF WORKLOAD, ORIGINATOR, DISTRIBUTION OF PERSONNEL, OVERHEAD, AND OTHER INDICES OF THE STATION'S OPERATIONS IN ORDER TO ACHIEVE MAXIMUM UTILIZATION OF FIELD STATIONS IN THE ACCOMPLISHMENT OF BUREAU OBJECTIVES.
4. IMPROVED COORDINATION IN THE MANAGEMENT OF THE STATIONS AND OF THE BUREAU.
5. IMPROVED TOOLS FOR THE STATIONS IN THE PRODUCTION OF THE BUREAU'S PLAN AND BUDGET PREPARATION.
6. IMPROVED LINES OF COMMUNICATION BETWEEN THE STATIONS AND THE BUREAU DIVISIONS.

RESPONSIBILITY OF STATION AND BUREAU -- THE TWO

MAJOR STEPS IN THE STATION BUDGETING AND REPORTING PLAN

1. DEVELOPMENT OF ESTIMATES
2. BUDGET PREPARATION AND REPORTING
3. BUDGETARY EXECUTION AND CONTROL

AN OUTLINE CHART PREPARED BY THE DEPUTY CHIEF OF THE BUREAU OF ADVANCE FOR THE CHIEF OF ESTABLISHMENT BUDGET AND REPORTING SYSTEM SHOWS, CLEARLY AND CONCISELY, THE STEPS TO BE FOLLOWED IN THE BUDGET AND REPORTING SYSTEM. THE CHART, POINTING OUT THE BUREAU'S AND STATION'S RESPONSIBILITIES, THE DEADLINE FOR ESTIMATES, PROGRESS REPORTS, AND OTHER FEATURES OF THE NEW SYSTEM IS AS FOLLOWS:

1. B. T. L. DEPUTY CHIEF OF ADVANCE, BUREAU OF ADVANCE, DEPARTMENT OF DEFENSE, PREPARED CHART OF STEPS IN THE STATION'S BUDGETING AND REPORTING SYSTEM.

STATION BUDGETING AND REPORTING PLAN

DEVELOPMENT OF ESTIMATE

(1)

- A. PROGRAM KNOWLEDGE
 - 1. BUORD TELLS PLANS TO STATIONS
 - 2. STATION REQUESTS
 - A. BY PROJECTS
 - B. BY WORK AREAS
- B. COMMAND PLANNING
 - 1. WORKLOAD DETERMINATION
 - A. AMOUNTS.
 - B. KINDS.
 - C. STATION LABOR VS. CONTRACTUAL.
 - D. PRODUCTION SCHEDULING.
 - E. JOB ORDER PLANNING
 - 2. PERSONNEL REQUIREMENTS
 - A. DIRECT VS. INDIRECT RATIO
 - B. IVB - NON IVV RATIO
 - C. OVERTIME POLICY
 - D. LEAVE POLICY
 - E. EMPLOYMENT FACTORS
(E.G. HOUSING)
 - 3. FUND REQUIREMENTS
 - A. NEW FINANCING
 - B. CARRY OVER
 - 4. PLANS FOR PLANT UTILIZATION
 - 5. DISTRIBUTION OF WORKLOAD AND PERSONNEL
AMONG MAJOR ORGANIZATIONAL UNITS.
 - 6. DEVELOPMENT AND USE OF COST CENTERS.
 - A. OVERHEAD RATES
- C. BUDGET PROCEDURES.
 - 1. ASSIGNMENT OF BUDGET RESPONSIBILITIES
 - 2. SCHEDULING AND PHASING OF ESTIMATES.
 - 3. INTERDEPARTMENT LIAISON.
 - 4. REVIEWS
 - A. DEPARTMENTAL
 - B. COMMAND

STATION WORKING AND PLANNING

DEVELOPMENT OF STATION
(1)

- 4. STATION WORKING
- 1. STATION WORKING
- 2. STATION WORKING
- 3. STATION WORKING
- 4. STATION WORKING

STATION PLANNING

- 1. STATION PLANNING
- 2. STATION PLANNING

- 3. STATION PLANNING
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- 26. STATION PLANNING

STATION WORKING

- 1. STATION WORKING
- 2. STATION WORKING
- 3. STATION WORKING
- 4. STATION WORKING

- 5. STATION WORKING
- 6. STATION WORKING
- 7. STATION WORKING
- 8. STATION WORKING

BUDGET PRESENTATION AND
REPORTING
(2)

A. PRESENTATION.

1. DEPARTMENT TO COMMAND
(MAR.-APR.)
2. STATION TO BUREAU.
(BY APRIL 30TH)
3. BUREAU REVIEW AND MARK-UP
(PRIOR TO 1 JULY)

B. QUARTERLY REPORTING.

1. PERFORMANCE AND PROGRESS
2. STATION PROPOSALS ON REVISIONS OF ANNUAL BUDGET

EXECUTION AND CONTROL
(3)

A. REVIEW BY STATION OF INTERNAL MANAGEMENT REPORTS.

1. ELIMINATE AND/OR SUPPLEMENT

B. REVIEW AND DEVELOPMENT OF CONTROL PROCEDURES

1. BY EXPENDITURE AUTHORIZATION OR BY JOB ORDER
2. FUNCTION VS. STATION DEPARTMENT.
3. BY ALLOCATIONS TO 1 AND 2 ABOVE.

C. OBLIGATION AND EXPENDITURE
ACCOUNTING SYSTEM

1. COORDINATE WITH BUDGET SYSTEM

D. BUDGET ANALYSIS

E. ORGANIZATION

1. DELEGATION OF AUTHORITY
2. BUDGET OFFICER
3. COMPTROLLER
 - A. FUNCTIONS
 - B. PERSONNEL
 - C. WORK MEASUREMENT
 - D. BUDGET
 - E. STATISTICAL REPORTING

BUDGET PRESENTATION AND
REPORTING
(2)

1. PRESENTATION.
 1. REPORT TO COMMAND (1st-4th)
 2. REPORT TO BUREAU (1st-4th)
 3. BUREAU REVIEW AND MARK-UP (Prior to 1 July)

2. QUARTERLY REPORTS.
 1. PERFORMANCE AND PROGRESS
 2. STATUS REPORTS ON REVISIONS OF BUDGET

EXECUTION AND CONTROL
(2)

- A. REVIEW BY STATION & INTERNAL MANAGEMENT REPORTS.
 1. MINUTE AND/OR SUPPLEMENT
- B. REVIEW AND DEVELOPMENT OF CONTROL PROCEDURES.
 1. BY EXPENDITURE AUTHORIZATION OR BY JOB ORDER
 2. FUNCTION VS. STATION DEPARTMENT
 3. BY ALLOCATIONS TO 1 AND 2 ABOVE

- C. OBLIGATION AND REPORTING.
 1. ACCOUNTING SYSTEM
 2. COORDINATION WITH BUDGET SYSTEM

BUDGET ANALYSIS

- D. EVALUATION.
 1. EVALUATION OF BUDGETARY
 2. BUDGET REVIEW
 3. COMPLETION
 4. ACTIONS
 5. PERSONNEL
 6. WORK DEPARTMENT
 7. BUDGET
 8. STATISTICAL REPORTING

THE DIRECT BUDGET -- THE EXPENDITURE AUTHORIZATIONS, ALLOTMENTS AND PROJECT ORDERS ISSUED TO THE FIELD ACTIVITIES ARE THE BASIS FOR THE DIRECT BUDGET. AN EXCEPTION TO THIS IS THAT RESEARCH AND DEVELOPMENT ESTIMATES ARE GEARED TO TASK ASSIGNMENTS AND THE NAVY RESEARCH AND DEVELOPMENT BOARD OBJECTIVES ON SUMMARY BASES.

THE FOUR MAJOR CATEGORIES OF ESTIMATES INCLUDED IN THE DIRECT BUDGET ARE AS FOLLOWS:¹⁶

THE FIRST, AND MOST SIGNIFICANT, WILL INCLUDE ESTIMATES FOR DIRECT WORK FINANCED FROM THE APPROPRIATION, ORDNANCE AND FACILITIES, NAVY, SUMMARIZED TO SUPPORTING SUBHEADS, OR ACTIVITIES. THESE INCLUDE SUBHEADS. .10 FOR RESEARCH AND DEVELOPMENT, .12 FOR NAVAL RESERVE, .13 FOR INDUSTRIAL MOBILIZATION, .28 FOR MAINTENANCE OF ORDNANCE AND AMMUNITION, .33 FOR PROCUREMENT OF ORDNANCE AND AMMUNITION.

THE SECOND CATEGORY OF ESTIMATES IS THAT EMBRACING WORK FINANCED FROM OTHER BUORD APPROPRIATIONS SUPPORTING DIRECT WORK AT THE STATIONS. INCLUDED AT PRESENT ARE: OSCN, ONC, CARPN (UNDER BUORD COGNIZANCE), AND PMPN.

THE THIRD CATEGORY OF ESTIMATES IS THAT EMBRACING WORK FINANCED FROM OTHER BUREAU AND OTHER AGENCY FUNDS SUCH AS ONR AND BUAER APPROPRIATIONS AND AIR FORCE, ARMY FUNDS.

THE FOURTH AND LAST CATEGORY OF ESTIMATES IS THAT EMBRACING WORK FINANCED BY NON-FEDERALLY-APPROPRIATED FUNDS, I.E., FROM PRIVATE PARTIES AND LOCAL OR STATE GOVERNMENTS. THIS CATEGORY WILL BE RELATIVELY INSIGNIFICANT, IF EXISTING AT ALL, AT MANY STATIONS. IT IS IMPORTANT TO INCLUDE IT, HOWEVER, SINCE THE STATIONS' TOTAL DIRECT WORKLOAD SHOULD BE ACCOUNTED FOR.

¹⁶U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, TRANSCRIPT OF PROCEEDINGS, ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SEMINAR, P. 87

ILLUSTRATIONS OF NAVORD FORMS 2273, 2274 AND 2275 ARE SHOWN ON PAGES 55, 56, AND 57. THESE ARE THE FORMS USED IN SUBMISSION OF THE DIRECT BUDGET FOR SUBHEAD .10, RESEARCH AND DEVELOPMENT BUDGET ACTIVITY, UNDER THE APPROPRIATION: ORDNANCE AND FACILITIES, NAVY. NOTE THAT THE ESTIMATES ARE GEARED TO TASK ASSIGNMENTS AND THE NAVY RESEARCH AND DEVELOPMENT BOARD TECHNICAL OBJECTIVES.

DIRECT BUDGET ESTIMATE FOR THE OTHER BUDGET ACTIVITIES MAINTENANCE OF ORDNANCE AND AMMUNITION (SUBHEAD .28) AND PROCUREMENT OF ORDNANCE AND AMMUNITION (SUBHEADS .33 AND .34) ARE SUBMITTED ON NAVORD FORMS 2276 AND 2277 WHICH ARE SHOWN ON PAGES 58 AND 59. THESE FORMS ARE USED IN THE DIRECT BUDGET PREPARED BY THE NAVAL AMMUNITION DEPOTS, NAVAL ORDNANCE PLANTS AND ALL OTHER ACTIVITIES GRANTED ALLOTMENTS OR PROJECT ORDERS UNDER SUBHEADS .28, .33, AND .34.

AS A GENERAL RULE, ALL EXPENDITURE AUTHORIZATIONS IN THE DIRECT BUDGET ARE SUBJECT TO THE APPLICATION OF OVERHEAD EXPENSES.

INDIRECT BUDGET -- THE INDIRECT BUDGET PORTION IS CONCERNED WITH THOSE ELEMENTS OF STATION OPERATIONS WHICH ARE CLASSED AS INDIRECT COSTS OR OVERHEAD OPERATIONS.

ILLUSTRATIONS OF BUDGET FORMS 2878, 2879 AND 2880
ARE SHOWN ON PAGES 52, 53, AND 54. THESE ARE THE FORMS
USED IN SUBMISSION OF THE DIRECT BUDGET FOR BUREAU. 10.
RESEARCH AND DEVELOPMENT BUDGET ACTIVITY, UNDER THE
APPROPRIATION: OCEANOGRAPHY AND POLAR RESEARCH, NAVY. 10.
THE BUDGETS ARE GRANTED TO THE RESEARCHERS AND THE
RESEARCH AND DEVELOPMENT BOARD TECHNICAL OFFICERS.
DIRECT BUDGET ESTIMATE FOR THE OTHER BUDGET ACTIVITY
THIS BUDGET OF OCEANOGRAPHY AND POLAR RESEARCH, BUREAU. 10.
AND PROCEEDING OF OCEANOGRAPHY AND POLAR RESEARCH, BUREAU. 10.
AND 10. 10. ARE SUBMITTED ON BUDGET FORMS 2878 AND 2879
AND SHOWN ON PAGES 52 AND 53. THESE FORMS ARE USED IN
THE DIRECT BUDGET SUBMITTAL OF THE RESEARCH AND DEVELOPMENT
ACTIVITY BUDGETS AND ALL OTHER ACTIVITY BUDGETS
ALLOTTED TO PROJECT OFFICERS UNDER BUDGETS. 10, 10, AND
10. 10.
IN A GENERAL RULE, ALL RESEARCH AND DEVELOPMENT
IN THE DIRECT BUDGET ARE SUBJECT TO THE APPLICATION OF
STANDARD EXPENSES.
10. 10. 10. -- THE RESEARCH BUDGET POSITION IN
CONCORDANCE WITH THOSE ELEMENTS OF STATION OPERATIONS WHICH
ARE CLASSIFIED AS RESEARCH COSTS OR STATION OPERATIONS.

DEPARTMENT OF THE NAVY BUDGET OF RESOURCES

BUDGET ESTIMATES FOR RESEARCH AND DEVELOPMENT PROJECT

Station _____

Schedule No. _____
Technical Objective _____
Supporting Project Orders _____

CV = Fiscal Year 10
BY = 10
BY+1 = 11
BY+2 = 12

ESTIMATED FISCAL YEAR OBLIGATIONS AND MONTHS OF EFFORT BY COMPONENT TASK ASSIGNMENT

COST COMPONENT	PROJECT TOTALS			Task Assignment No. _____			Task Assignment No. _____			Task Assignment No. _____			Task Assignment No. _____			Task Assignment No. _____		
	Official Completion Date _____			Official Completion Date _____			Official Completion Date _____			Official Completion Date _____			Official Completion Date _____			Official Completion Date _____		
	Practical	CV	BY	Practical	CV	BY	Practical	CV	BY	Practical	CV	BY	Practical	CV	BY	Practical	CV	BY
Man Years																		
Direct Labor																		
Materials and Supplies																		
Contracts																		
Equipment																		
Overhead																		
Total																		

INDICATED FUND AVAILABILITY

1. Estimated Unobligated Balance, 1 July BY _____
2. Support Planned by Bureau for BY _____
3. Total Indicated Fund Availability in BY _____
(Line 1, plus Line 2.)
4. Indicated Support for Deficiency in BY _____
(Total BY support minus Line 3.)
5. Support Planned by Bureau for BY+1 _____
6. Indicated Support for Deficiency in BY+2 _____
(Total BY+2 support minus Line 5.)

EXPLANATORY REMARKS:

Prepared by _____ Date _____
Approved by _____ Date _____

Schedule No. _____

DEPARTMENT OF THE NAVY-BUREAU OF ORNANCE

SUMMARY OF BUDGET ESTIMATES FOR RESEARCH AND DEVELOPMENT PLANNING OBJECTIVE

Station _____

CT = Fiscal Year
BY = 1960
BY2 = 1961
BY3 = 1962
BY4 = 1963
BY5 = 1964

SECURITY INFORMATION

SUMMARY OF ESTIMATED FISCAL YEAR OBLIGATIONS AND MAN-YEARS OF EFFORT BY COMPONENT TECHNICAL OBJECTIVE

COST COMPONENT	PLANNING OBJECTIVE TOTALS					Technical Objective					Technical Objective					Technical Objective					Technical Objective					Technical Objective				
	MAN-YEARS OF EFFORT					Component					Component					Component					Component					Component				
	(Practical)	CT	BY	BY2	BY3	(Practical)	CT	BY	BY2	BY3	(Practical)	CT	BY	BY2	BY3	(Practical)	CT	BY	BY2	BY3	(Practical)	CT	BY	BY2	BY3	(Practical)	CT	BY	BY2	BY3
Man Years																														
Direct Labor																														
Materials and Supplies																														
Contracts																														
Equipment																														
Overhead																														
Total																														

INDICATED FUND AVAILABILITY

1. Estimated unobligated Balance, 1 July BY

Project Order _____

or Allocation _____

Amount _____

EXPLANATORY REMARKS:

Project Order _____

or Allocation _____

Amount _____

Prepared by _____

Date _____

1. The first of the three conditions for the validity of a contract is that the parties must be competent to enter into it. This means that they must be of legal age and of sound mind. If either party is a minor or is mentally incompetent, the contract is voidable at the option of the injured party.

2. The second condition is that the contract must be entered into voluntarily. This means that there must be no duress, coercion, or undue influence. If a party is forced to enter into a contract against his or her will, the contract is voidable.

3. The third condition is that the contract must be for a legal purpose. This means that the contract must not be for an illegal or immoral purpose. If the purpose of the contract is illegal, the contract is void.

4. The fourth condition is that the contract must be supported by consideration. This means that each party must give something of value to the other party in exchange for the promise. If one party gives nothing, the contract is not enforceable.

5. The fifth condition is that the contract must be in writing. This means that the terms of the contract must be reduced to writing and signed by both parties. This requirement is not always strictly followed, but it is a good practice to do so to avoid disputes. If a contract is not in writing, it may be difficult to prove its terms in court.

DEPARTMENT OF THE ARMY BUREAU OF WARFARE
BUDGET ESTIMATES FOR PROGRAM

STATION
Ac. & Title

MAJOR PROGRAM OFFICER (MPO)

SECURITY INFORMATION

SCHEDULE NO.

APPROPRIATION TITLE:

SUBJECT TITLE:

CT = FISCAL YEAR 19__
FY = FISCAL YEAR 19__
BT = FISCAL YEAR 19__
BT + 1 = FISCAL YEAR 19__
BT + 2 = FISCAL YEAR 19__
PT = FISCAL YEAR 19__

EXPENDITURE AUTHORIZATION OR PROPOSAL		ESTIMATED FUND AVAILABILITY		ESTIMATED OBLIGATIONS AND MAN-YEAR EFFORT (A BY					PROJECTION OF FUND AVAILABILITY TO COMPLETION					FORECAST OF UNRECOVERED BALANCES				
PROJECT NUMBER OF PAGE	PROJECT TITLE AND DESCRIPTION	ESTIMATED FUND AVAILABILITY DATE	ESTIMATED FUND AVAILABILITY DATE	(1) DIRECT OBLIGATION	(2) INDIRECT OBLIGATION	(3) TOTAL OBLIGATION	(4) CONTRACTS	(5) COMMODITIES	(6) PERSONNEL	(7) OTHER	(8) TOTAL OBLIGATION	(9) DIRECT OBLIGATION	(10) INDIRECT OBLIGATION	(11) TOTAL OBLIGATION	(12) DIRECT OBLIGATION	(13) INDIRECT OBLIGATION	(14) TOTAL OBLIGATION	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
TOTALS																		

EXPLANATORY REMARKS

PROGRAM SUMMARY OF ESTIMATES BY FISCAL YEAR				
COST ELEMENT	FUNCTIONAL	CT	BT	BT + 1
1. MAN-YEARS	\$	\$	\$	\$
2. DIRECT LABOR	\$	\$	\$	\$
3. MATERIALS SUPPLIES				
4. CONTRACTS				
5. EQUIPMENT				
6. OVERHEAD				
7. TOTAL	\$	\$	\$	\$

PREPARED BY: DATE:
APPROVED BY: DATE:

SCHEDULE NO. _____
REFERENCE SCHEDULE NO. _____

DEPARTMENT OF THE NAVY BUREAU OF ORDNANCE
SUMMARY OF BUDGET ESTIMATES FOR

FISCAL YEAR _____

SECURITY INFORMATION

NAVPERS FORM 877 (Rev. 4-52)

STATION _____

BUDGET TITLE _____

PROGRAM (7-11)	ESTIMATED FUND AVAILABILITY				ESTIMATED OBLIGATIONS AND MAN-YEAR EFFORT IN BY					PROJECTION OF FUND AVAILABILITY TO COMPLETION					
	(1) FUNDS AVAILABLE TO DATE	(2) FUNDS COMMITTED TO DATE	(3) FUNDS UNOBLIGATED PLANNED BY 1 JANUARY	(4) TOTAL FUNDS AVAILABLE TO DATE	(5) MAN-YEARS DIRECT LABOR	(6) MATERIALS SUPPLIES	(7) CONTRACTS	(8) EQUIPMENT	(9) OVERHEAD	(10) TOTAL MAN-YEARS	(11) ESTIMATED FUND AVAILABILITY 1 JANUARY	(12) ESTIMATED FUND AVAILABILITY 31 DECEMBER	(13) ESTIMATED FUND AVAILABILITY 31 DECEMBER TO COMPLETION	(14) ESTIMATED FUND AVAILABILITY 31 DECEMBER TO COMPLETION	(15) ESTIMATED FUND AVAILABILITY 31 DECEMBER TO COMPLETION
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
TOTALS															

EXPLANATORY REMARKS:

SUMMARY OF ESTIMATES BY FISCAL YEAR					
COST ELEMENT	BY ACTUAL	BY	BY	BY	BY
MAN-YEARS					
DIRECT LABOR	\$	\$	\$	\$	\$
MATERIALS & SUPPLIES					
CONTRACTS					
EQUIPMENT					
OVERHEAD					
TOTALS	\$	\$	\$	\$	\$

FORECAST OF UNEXPENDED BALANCES			
TOTALS TO 8/30/52	TOTALS TO 8/30/52	TOTALS TO 8/30/52	TOTALS TO 8/30/52
\$	\$	\$	\$

PREPARED BY _____ DATE _____
APPROVED BY _____

THESE EXPENSES ARE INITIALLY FINANCED FROM THE STATION MAINTENANCE AND OPERATION ALLOTMENT. A PORTION OF THESE EXPENSES ARE DISTRIBUTED AS OVERHEAD TO PRODUCTIVE PROJECTS. THE REMAINING, OR NON-DISTRIBUTABLE EXPENSES ARE CHARGED TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

ONE OF THE PRIMARY PURPOSES IN DEVELOPING OF THE REVISED INDIRECT FUNCTIONS WAS TO BRING THE GENERAL EXPENSE FUNCTIONS USED FOR COST ACCOUNTING PURPOSES AND THE WORK MEASUREMENT FUNCTIONS FOR ACCUMULATING DATA FOR WORK MEASUREMENT REPORTING INTO AGREEMENT AS FAR AS POSSIBLE. THE GENERAL EXPENSE FUNCTIONS PERTAIN TO THE ACCUMULATING AND REPORTING OF DOLLAR COST EXPENDITURES BY THE JOB ORDER SYSTEM. THE WORK MEASUREMENT FUNCTIONS ARE CONCERNED WITH MAN HOURS AND WORK UNITS FOR WORK MEASUREMENT REPORTING PURPOSES. MANY OF THE INDIRECT, GENERAL EXPENSE FUNCTIONS WERE REVISED AND CORRELATED WITH THE WORK MEASUREMENT FUNCTIONS SO THAT THE ACCUMULATION AND REPORTING OF INFORMATION FOR BOTH REPORTS COULD BE ACCOMPLISHED IN MOST CASES BY USE OF THE TIME CARDS AT THE FIELD ACTIVITIES. FOR EXAMPLE, THE WORK MEASUREMENT FUNCTION FOR SECURITY IS 105. THE GENERAL EXPENSE FUNCTION

These expenses are initially financed from the station maintenance and operation allotment. A portion of these expenses are distributed as overhead to productive projects. The remaining, on non-distributable expenses, are charged to the station maintenance and operation allotment.

One of the primary purposes in developing of the revised indirect functions was to bring the general expenses functions used for cost accounting purposes and the work measurement functions for accumulating data for work measurement reporting into agreement as far as possible. The general expense functions pertain to the accumulating and reporting of dollar cost expenditures in the job order system. The work measurement functions are concerned with the hours and work units for work measurement reporting purposes. Many of the indirect, general expense functions were revised and correlated with the work measurement functions so that the accumulation and reporting of information for both reports could be accomplished in most cases by use of the time cards at the field activities. For example, the work measurement function for security is 100. The general expense function

FOR SECURITY IS 45105. THEREFORE BY RECORDING CHARGES FOR SALARIES OF GUARDS FOR EIGHT HOURS AGAINST A JOB ORDER, SUCH AS, 36001/45105/100 ON THE DAILY TIME CARDS, THE INFORMATION IS ALSO AVAILABLE FOR THE WORK MEASUREMENT FUNCTION 105.

NAVORD FORM 2280, SHOWN ON PAGE 62, IS THE FORM USED FOR SUBMISSION OF THE INDIRECT BUDGET. NOTE HOW THE WORK UNITS FOR WORK MEASUREMENT ARE REQUIRED IN ADDITION TO THE DOLLAR COSTS FOR LABOR, MATERIALS, CONTRACTS, APA MATERIAL AND PLANT ACCOUNT EQUIPMENT FOR EACH BUDGET FUNCTION.

NAVORD FORM 2281, SHOWN ON THE REVERSE OF NAVORD FORM 2280, IS A SUMMARY OF THE INDIRECT FUND REQUIREMENTS BY COST COMPONENT AND PROGRAM FOR THE INDIRECT BUDGET.

PERSONNEL BUDGET -- THE ANNUAL PERSONNEL BUDGET IS A COMPUTATION OF THE PERSONNEL REQUIREMENTS, INCLUDING THE TOTAL BUDGETED MAN YEARS FOR THE STATION FOR THE BUDGET YEAR. THE PERSONNEL BUDGET IS BOTH A DISTINCT AND SEPARATE SET OF ESTIMATES AND A SUMMARY OF THE OTHER ESTIMATES IN THE DIRECT BUDGET AND INDIRECT BUDGETS. IT WILL REFLECT ONE OF THE BASIC BUDGET POLICY DECISIONS MADE BY STATION MANAGEMENT, THAT IS, THE DETERMINATION OF THE NUMBERS AND

FOR SECURITY IS \$100. THEREFORE BY ALLOCATING CHARGES
FOR SALARIES OF STAFFS FOR CIVIL WORKS AGAINST A JOB ORDER
BORN AS, \$2001/100/100 ON THE DAILY TIME CARD, THE IN-
FORMATION IS ALSO AVAILABLE FOR THE WORK MEASUREMENT
FUNCTION 105.

TABLE FORM 2500, DRAWN ON PAGE 62, IS THE FORM
USED FOR SUBMISSION OF THE INDIRECT BUDGET. NOTE HOW THE
WORK UNIT FOR WORK MEASUREMENT IS REQUIRED IN ADDITION
TO THE DOLLAR COSTS FOR LABOR, MATERIALS, CONTRACTS, AND
FACILITY AND PLANT ACCOUNTS. FOR EACH BUDGET
FUNCTION.

TABLE FORM 2501, DRAWN ON THE REVERSE OF TABLE
FORM 2500, IS A SUMMARY OF THE INDIRECT FUND REQUIREMENTS
BY COST COMPONENT AND PROGRAM FOR THE INDIRECT BUDGET.

PERSONNEL BUDGET -- THE ANNUAL PERSONNEL BUDGET IS
A SUBSUMED OF THE PERSONNEL REQUIREMENTS, INCLUDING
THE TOTAL BUDGETED MAN YEARS FOR THE YEAR FOR THE AND
YEAR. THE PERSONNEL BUDGET IS IN A DISTRICT AND COUNTRY
SET OF ESTIMATES AND A SUMMARY OF THE OTHER ESTIMATES IN
THE DIRECT BUDGET AND INDIRECT BUDGETS. IT WILL REFLECT
ONE OF THE BASIC BUDGET POLICY DECISIONS MADE BY STATION
MANAGEMENT, THAT IS, THE DETERMINATION OF THE TYPE OF

BUREAU OF ORDNANCE
DEPARTMENT OF THE ARMY
IMMEDIATE COST BUDGET

DA FORM 100-100 (Rev. 5-20)

Schedule No. _____

Station _____		Budget Function No. _____		Title _____		Work Units _____		Military _____		Civilian _____		Straight Time _____		Labor Cost _____		Materials _____		Contracts _____		Plant Account _____		A.P.A. _____		Total Cost _____		Distributable _____		Non-Distributable _____	
Distributable _____		\$ Non-Distributable _____		\$																									
Work Unit _____																													
Past Year, fiscal year 19 _____																													
Current Year, fiscal year 19 _____																													
Budget Year, fiscal year 19 _____																													
Narrative statement:																													

Station _____		Budget Function No. _____		Title _____		Work Units _____		Military _____		Civilian _____		Straight Time _____		Labor Cost _____		Materials _____		Contracts _____		Plant Account _____		A.P.A. _____		Total Cost _____		Distributable _____		Non-Distributable _____			
Distributable _____		\$ Non-Distributable _____		\$																											
Work Unit _____																															
Past Year, fiscal year 19 _____																															
Current Year, fiscal year 19 _____																															
Budget Year, fiscal year 19 _____																															
Narrative statement:																															

Station _____		Budget Function No. _____		Title _____		Work Units _____		Military _____		Civilian _____		Straight Time _____		Labor Cost _____		Materials _____		Contracts _____		Plant Account _____		A.P.A. _____		Total Cost _____		Distributable _____		Non-Distributable _____			
Distributable _____		\$ Non-Distributable _____		\$																											
Work Unit _____																															
Past Year, fiscal year 19 _____																															
Current Year, fiscal year 19 _____																															
Budget Year, fiscal year 19 _____																															
Narrative statement:																															

Station _____		Budget Function No. _____		Title _____		Work Units _____		Military _____		Civilian _____		Straight Time _____		Labor Cost _____		Materials _____		Contracts _____		Plant Account _____		A.P.A. _____		Total Cost _____		Distributable _____		Non-Distributable _____			
Distributable _____		\$ Non-Distributable _____		\$																											
Work Unit _____																															
Past Year, fiscal year 19 _____																															
Current Year, fiscal year 19 _____																															
Budget Year, fiscal year 19 _____																															
Narrative statement:																															

(1977) *Exp. Neurol.* 55: 549-560.

SCHEDULE NO. 1

STATION

SCHEDULE NO. 1

B. Y.

[illegible]

A.P.A. Overhead Adjustment

Total Distributable Overhead

Net Requirement, Maintenance & Operation Allowment

Line Item	Amount	Percentage
1. Direct Costs		
2. Indirect Costs		
3. Other (See Note)		
4. Miscellaneous		
5. Maintenance		
6. Depreciation		
7. Insurance		
8. Taxes		
9. Interest		
10. Profit		
11. Total		

KINDS OF PERSONNEL WHO WILL BE REQUIRED TO EXECUTE THE STATION'S WORKLOAD IN THE BUDGET YEAR.

NAVORD FORM 2272, SHOWN AS AN ILLUSTRATION ON PAGE 64, IS A SAMPLE ANNUAL PERSONNEL BUDGET. IT HAS TWO SEPARATE BUT RELATED PARTS. THE FIRST PART IS ENTITLED "PROPOSED ON-BOARD COUNTS" AND IS, IN EFFECT, THE HIRING PLAN PROPOSED TO THE BUREAU BY THE STATION. THE LOWER HALF OF THE SCHEDULE IS ENTITLED "ANALYSIS OF MAN-YEAR DISTRIBUTION" AND PRESENTS A BREAKDOWN OF THE MAN-YEARS, BUDGETED IN THE DIRECT COSTS AND INDIRECT COSTS BUDGETS, IN TERMS OF STRAIGHT TIME, OVERTIME AND LEAVE OVERHEAD.

CAPITAL BUDGET -- NAVORD FORM 2283, SHOWN ON PAGE 65, IS USED IN ESTIMATING THE CAPITAL FUND REQUIREMENTS. THE CAPITAL BUDGET IS A SIGNIFICANT PORTION OF THE OVERALL PICTURE.

THIS FORM CONTAINS REQUESTS FOR FUNDS WHICH WILL BE FOR ADDITIONS TO OR REPLACEMENTS FOR STATION PLANT ACCOUNT PROPERTY.

ITEMS LISTED ON LINES ONE TO TEN OF FORM 2283 ARE FINANCED FROM THE STATION MAINTENANCE AND OPERATION ALLOTMENT. ITEMS LISTED ON LINES ELEVEN TO EIGHTEEN ARE FINANCED FOR OTHER ALLOTMENTS GRANTED TO THE STATION.

KINDS OF PERSONNEL WHO WILL BE REQUIRED TO EXECUTE THE

STATION'S WORKLOAD IN THE FIRST YEAR.

KNOWN TO N 200, SHOWN AS AN ILLUSTRATION OF A

AS A SAMPLE OF AN ANNUAL PERSONNEL SCHEDULE. IT HAS TWO

SEPARATE BUT RELATED PARTS. THE FIRST PART IS ENTITLED

"PERSONNEL ON-BOARD DOWNS" AND IS, IN EFFECT, THE FIRST

ONE PROPOSED TO THE BOARD BY THE STATION. THE LOWER

HALE OF THE SCHEDULE IS ENTITLED "ANALYSIS OF AN-LEAF

DISTRIBUTION" AND PRESENTS A BREAKDOWN OF THE AN-LEAF

LOCATED IN THE DIRECT VENTS AND INDIRECT VENTS

IN TERMS OF VENTILATION TIME, EXHAUSTION AND LEAF OVERHEAD.

CAPITAL PROJECT -- KNOWN TO N 200, SHOWN ON PAGE

60, IS USED IN ESTIMATING THE CAPITAL FUND REQUIREMENTS.

THE CAPITAL PROJECT IS A SIGNIFICANT PORTION OF THE OVERALL

PICTURE.

THIS FORM CONTAINS SUGGESTIONS FOR WORKS WHICH WILL

FOR ADDITIONS TO OR REEVALUATIONS OF THE STATION PLANT ACCORD

PROPERTY.

THESE LISTS OF LINES ARE KNOWN TO N 200 AND

FINANCED FOR THE STATION MAINTENANCE AND OPERATION

WORK. THESE LISTS OF LINES ARE KNOWN TO N 200 AND

FINANCED FOR THE STATION MAINTENANCE AND OPERATION

NAVPORD FORM 2272 (New 2-53)

DEPARTMENT OF THE NAVY
BUREAU OF ORDNANCE

Annual Personnel Budget

S A M P L E

Station _____

for FY 19 _____

Proposed On-Board Counts					
Personnel Distribution	1 July	1 Oct	1 Jan	1 Apr	30 Jun
1. Graded (IVB) Employees	450	450	450	450	450
2. Non-Graded (non IVB) Employees	<u>850</u>	<u>1050</u>	<u>1050</u>	<u>1050</u>	<u>1250</u>
3. Direct Labor Employees	800	1000	1000	1000	1200
4. Indirect Labor Employees	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>500</u>
Totals	1300	1500	1500	1500	1700

Analysis of Man-Year * Distribution

	<u>Indirect Labor</u>	<u>Direct Labor</u>
1. Average Proposed On-Board Count	<u>500</u>	<u>1,000</u>
2. Less: Budgeted Man Years of Leave and Excused time	<u>(-) 62</u>	<u>(-) 125</u>
3. Equals; Man-Years Available for work	<u>= 438</u>	<u>= 875</u>
4. Plus: Proposed Overtime Man Years	<u>(+) 10</u>	<u>(+) 50</u>
5. Equals; Budgeted Man-Year Capacity	<u>= 448</u>	<u>= 925</u>
6. Budgeted Man-Years of Leave and Excused Time	<u>(+) 187</u>	<u>XXXXXXXXXX</u>
7. Total Budgeted Man Years	<u>= 635 #</u>	<u>925 #</u>

* 1 Man Year = 2,080 hours

Should be equal to the totals of all budget schedules in each group.

Source: (see 10/1/70-10/1/70)

SECTION IV - ENCLOSURE 1

BUREAU OF ORDNANCE
STATEMENT OF THE BUDGET
SUMMARY OF CAPITAL FUND REQUIREMENTS
by Program

SCHEDULE NO. _____

B. Y. 19 ____

STATION _____

FROM SCHEDULE NO. 1	PROGRAM	B. Y.		C. Y.		P. Y.	
		Amount	Contracts	Total	Total	Total	Total
1	PLANT IMPROVEMENTS (less than \$2,000)	\$	\$	\$	\$	\$	\$
2	Buildings						
3	Grounds & Ground Structures						
4	Other						
5	REPAIRS, NON-ROUTINE (less than \$5,000)						
6	Buildings						
7	Grounds & Ground Structures						
8	Other						
9	EQUIPMENT, PLANT ACCOUNT (chargeable to Maintenance Alloc.)						
10	SUB-TOTAL						
11	PLANT IMPROVEMENTS (\$2,000 to \$50,000)						
12	REPAIRS, NON-ROUTINE (\$2,000 to \$50,000)						
13	SUB-TOTAL						
14	PRODUCTION MACHINERY						
15	MACHINE TOOLS						
16	SUB-TOTAL						
17	EQUIPMENT, GENERAL PURPOSE RESEARCH						
18	EQUIPMENT, QUALITY EVALUATION						
19							
20	GROSS TOTAL						
21	LESS * PROGRAMS						
22	NET TOTAL						

Remarks:

* Financed from Maintenance & Operations Allocation

IT IS UNDERSTOOD THAT THE BUREAU PLANS TO BROADEN THE CAPITAL BUDGET SECTION IN FUTURE DIRECTIVES ON THE STATION BUDGET AND REPORTING PLAN.

QUARTERLY BUDGET REPORTS -- THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM INCLUDES A QUARTERLY SUBMISSION OF PROGRESS REPORTS, EACH OF WHICH IS PHASED IN TERMS OF CORRESPONDING SCHEDULES OF ESTIMATES IN THE ANNUAL BUDGET SO THAT A READY ANALYSIS AND EVALUATION OF THE ANNUAL BUDGET BY THE STATION AND THE BUREAU MAY BE MADE. THE QUARTERLY REPORTS ALSO SERVE AS MEDIA FOR RECOMMENDING CHANGES IN THE STATION'S ANNUAL BUDGET SO THAT, IN EFFECT, A MECHANISM IS PROVIDED FOR KEEPING THE STATION'S ANNUAL BUDGET CURRENT THROUGHOUT THE FISCAL YEAR.

It is understood that the Bureau plans to meet with the Capital Budget Section in future directives on the station budget and accounting plan.

Quarterly Budget Report -- The Finance Section presents quarterly and reporting system includes a quarterly evaluation of progress reports, each of which is phased in terms of corresponding schedules or estimates in the annual budget so that a ready analysis and evaluation of the actual budget by the station and the Bureau may be made. The quarterly reports also serve as a basis for recommendations to the station's annual budget so that, in effect, a continuous is provided for keeping the station's annual budget current throughout the fiscal year.

CHAPTER VII

SUMMARY

IN PROMULGATING THE BUDGET AND REPORTING SYSTEM, THE BUREAU OF ORDNANCE ACKNOWLEDGED THE IMPORTANCE TO ITS OPERATIONS OF COORDINATED BUREAU AND STATION PLANNING, BUDGET FORMULATION, AND BUDGET EXECUTION.

THE BUREAU RECOGNIZED THE NEED FOR IMPROVEMENTS IN FIELD BUDGET PROCEDURES, THE ADVANTAGES TO BE GAINED BY REVIEW AND IMPLEMENTATION OF STATION OPERATING BUDGETS AND THE NECESSITY FOR STATION WORKLOAD PLANNING ALONG WITH BUDGET PREPARATION.

THE FOLLOWING ACCOMPLISHMENTS CAN BE ATTRIBUTED TO THE INSTALLATION OF THE NEW BUDGET AND REPORTING SYSTEM:

A. PRESENTATION AND DEFENSE OF BUDGET REQUIREMENTS TO THE NAVY COMPTROLLER, BUREAU OF THE BUDGET, SECRETARY OF DEFENSE AND CONGRESS HAVE BEEN IMPROVED.

B. EACH STATION UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE NOW HAS AN APPROVED ANNUAL OPERATING BUDGET FROM THE BUREAU FOR THE FIRST TIME.

C. THE BUREAU OF ORDNANCE HAS GREATLY INCREASED KNOWLEDGE OF STATION CAPACITIES AND REQUIREMENTS.

THIS KNOWLEDGE HAS BEEN AND WILL CONTINUE TO BE REQUIRED AS THE BUREAU ADJUSTS FUNDING OF STATIONS'

IN PROMULGATING THE BUDGET AND ACCOUNTING SYSTEM,
THE BUREAU OF ORIGIN OF REVENUE HAS IMPORTANCE TO
OPERATIONS OF COORDINATED BUDGET AND STATION PLANNING,
BUDGET FORMULATION, AND BUDGET EXECUTION.
THE BUREAU RECOMMENDS THE NEED FOR IMPROVEMENTS
IN FIELD BUDGET PROCEDURE, THE ADVANTAGES TO BE GAINED
BY REVIEW AND IMPLEMENTATION OF STATION OPERA BUDGET
AND THE NECESSITY FOR STATION WORKING PLANNING ALONG
BUDGET PREPARATION.

THE FOLLOWING ACCOMPLISHMENTS CAN BE ATTRIBUTED
TO THE INSTALLATION OF THE NEW BUDGET AND REPORTING SYSTEM
A. PREPARATION AND REVIEW OF BUDGET REQUIREMENTS
TO THE NAVY COMPTROLLER, BUREAU OF THE BUDGET, SECAS-
TARY OF DEFENSE AND COMPTROLLER HAVE BEEN IMPROVED.
B. EACH STATION UNDER THE MANAGEMENT CONTROL OF THE
BUREAU OF ORIGIN NOW HAS AN APPROVED ANNUAL OPERA-
TION BUDGET FROM THE BUREAU FOR THE FIRST TIME.
C. THE BUREAU OF ORIGIN HAS GREATLY INCREASED
KNOWLEDGE OF STATION CAPACITIES AND REQUIREMENTS.
THIS KNOWLEDGE HAS BEEN AND WILL CONTINUE TO BE
REQUIRED AS THE BUREAU ADJUSTS FUNDING OF STATIONS.

WORKLOAD TO EMPLOYMENT LEVELS AND BUDGETARY DECISIONS OF HIGHER AUTHORITY.

D. THE BUREAU OF ORDNANCE HAS A BASIS FOR BETTER MOBILIZATION PLANNING FOR THE DIVERSIFIED ORDNANCE ESTABLISHMENT UNDER ITS MANAGEMENT CONTROL.

TYPICAL OF THE BUREAU OF ORDNANCE'S DESIRE TO CONTINUE TO MAKE IMPROVEMENTS IN THE FINANCIAL MANAGEMENT AREA IS THE RECENT RELEASE OF NAVORD INSTRUCTION 5450.5 DATED 16 DECEMBER 1953.

THIS INSTRUCTION DISSEMINATES TO THE NAVAL ORDNANCE ESTABLISHMENTS THE BASIC PRECEPTS OF THE COMPTROLLERSHIP PROGRAM AND PRESENTS A GENERAL BUREAU OF ORDNANCE POLICY STATEMENT OF LONG-RANGE OBJECTIVES TO EFFECT EFFICIENCY AND ECONOMY IN BUREAU MANAGEMENT PRACTICES.

THE BUREAU OF ORDNANCE IS PLANNING FURTHER IMPROVEMENTS IN THE FINANCIAL MANAGEMENT AREA. IT IS UNDERSTOOD THAT IN THE VERY NEAR FUTURE A DIRECTIVE WILL BE ISSUED CONCERNING FIXED OVERHEAD RATES AT MODIFIED INDUSTRIAL ACTIVITIES.

THE FINANCIAL MANAGEMENT ACCOMPLISHMENTS IN THE PAST THREE YEARS BY THE BUREAU OF ORDNANCE ARE AN OUTSTANDING EXAMPLE OF ACTION BEING TAKEN IN THE DEPARTMENT OF THE NAVY TO IMPLEMENT TITLE IV AMENDMENTS TO THE NATIONAL SECURITY ACT OF 1947.

WORKLOAD TO EMPLOYERS' ASSOCIATION AND EMPLOYERS'

DECISIONS ON HIGH AUTHORITY.

D. THE BOARD OF DIRECTORS HAS A MAJOR ROLE IN

MOBILIZATION PLANNING FOR THE DEFENSE OF THE

ESTABLISHMENT UNDER ITS MANAGEMENT CONTROL.

TYPICAL OF THE BOARD OF DIRECTORS' DECISIONS TO

CONTINUE TO TAKE INVESTMENTS IN THE FINANCIAL MANAGEMENT

AREA IN THE RECENT PAST OF THE INVESTMENT BOARD.

DATED 16 OCTOBER 1955.

THIS INVESTMENT DISSEMINATES TO THE BOARD OF

ESTABLISHMENTS THE MAIN PRINCIPLES OF THE INVESTMENT

PROGRAM AND PRESENTS A GENERAL BOARD OF DIRECTORS' POLICY

STATEMENT OF LONG-RANGE OBJECTIVES TO EFFECT INVESTMENT

ECONOMY IN BOARD MANAGEMENT AND AREA.

THE BOARD OF DIRECTORS IS PLANNING INVESTMENT IN THE

AREA IN THE FINANCIAL MANAGEMENT AREA. IT IS UNDERSTOOD

THAT IN THE VERY NEAR FUTURE A DIRECTIVE WILL BE ISSUED

CONCERNING MIXED OWNERSHIP AT MOBILE INDUSTRIAL

ACTIVITIES.

THE FINANCIAL MANAGEMENT ACCORDING TO THE

PART THREE YEARS BY THE BOARD OF DIRECTORS AND AN OUTLINE

THE BOARD OF DIRECTORS' POLICY IN THE INVESTMENT OF THE

TO IMPLEMENT THE BOARD'S POLICY TO THE NATIONAL

DECEMBER 1955.

MANY, WHEN THINKING OF THE FEDERAL GOVERNMENT, CONSIDER ONLY THAT PART LOCATED AT THE SEAT OF GOVERNMENT IN WASHINGTON, D.C. IN THE HOOVER COMMISSION REPORT IT WAS ESTIMATED THAT APPROXIMATELY 90% OF CIVILIAN PERSONNEL IN THE FEDERAL GOVERNMENT WERE LOCATED IN THE FIELD ACTIVITIES OUTSIDE OF WASHINGTON.

THEREFORE, IT IS IMPORTANT TO UNDERSTAND HOW THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE ASSIST IN ACCOMPLISHING THE DUTIES AND RESPONSIBILITIES ASSIGNED TO THE BUREAU BY UNITED STATES NAVY REGULATIONS AND THE SECRETARY OF THE NAVY.

BUDGETING, ACCOUNTING, AND PROGRESS REPORTING FOR THE LARGE AMOUNTS OF FUNDS GRANTED BY THE BUREAU OF ORDNANCE TO FIELD STATIONS IS A TREMENDOUS TASK. IT PLACES RESPONSIBILITY ON THE BUREAU TO PRESCRIBE ADEQUATE ACCOUNTING AND BUDGETING PROCEDURES AND SYSTEMS FOR THE FIELD. THE FIELD ACTIVITIES HAVE RESPONSIBILITIES IN COMPLYING WITH ESTABLISHED BUDGETARY AND ACCOUNTING PROCEDURES, SUBMITTING REQUIRED REPORTS BY DEADLINE DATES, EFFICIENT AND ECONOMICAL UTILIZATION AND ADMINISTRATION.

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TION OF FUNDS GRANTED, AND COMPLETION OF ASSIGNED TASKS AND MISSIONS.

WITH THE PRESENT EMPHASIS ON THE FINANCIAL MANAGEMENT AREA, WHICH COMMENCED WITH THE HOOVER COMMISSION REPORT AND THE TITLE IV AMENDMENTS TO THE NATIONAL SECURITY ACT OF 1947, IT IS FELT THAT IT IS ESSENTIAL THAT THE COMPTROLLERS OF EACH MILITARY DEPARTMENT AND BUREAU OR OTHER SUBDIVISION TAKE NECESSARY ACTION TO IMPLEMENT IMPROVEMENTS IN BUDGETING, ACCOUNTING, STATISTICAL, PROGRESS REPORTING, AND OTHER FINANCIAL AREAS FOR THE DEPARTMENT, BUREAU, AND THE FIELD ACTIVITIES UNDER THEIR MANAGEMENT CONTROL.

IT IS HOPED THAT THIS STUDY OF THE BUREAU OF ORDNANCE BUDGET SYSTEM WILL BE AS HELPFUL TO THOSE INTERESTED IN BUREAU-FIELD BUDGETING AND ACCOUNTING RELATIONSHIP AS IT HAS BEEN TO THE AUTHOR IN ACCUMULATING THE INFORMATION.

tion of funds granted, and completion of assigned tasks
and missions.

With the present emphasis on the financial

management area, which coincides with the Hoover

Commission report and the title of amendments to the

national security act of 1950, it is felt that it is

essential that the completion of each military depart-

ment and bureau of other agencies be necessary

action to implement the objectives in budgeting, account-

ing, statistical, progress reporting, and other financial

areas for the department, bureau, and the field activities

under their management control.

It is hoped that this study of the Bureau of

Finance Budget Control will be as helpful to those

interested in Bureau-wide financial and accounting

relationships as it has been to the Bureau in accomplishing

the investigation.

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